

BILL NO. S-82-02-01

SPECIAL ORDINANCE NO. S-35-82

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF A \$2,000,000 ECONOMIC DEVELOPMENT REVENUE BOND (TGIF-FORT WAYNE PROJECT) (TGI FRIDAY'S INC. - LESSEE) OF THE CITY OF FORT WAYNE, INDIANA, FOR THE PURPOSE OF MAKING A LOAN TO ASSIST TGIF-FORT WAYNE IN THE FINANCING OF ECONOMIC DEVELOPMENT FACILITIES WITHIN THE MEANING OF 36-7-12-2, INDIANA CODE, AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT PERTAINING TO THE PROJECT AND THE EXECUTION AND DELIVERY OF AN ASSIGNMENT SECURING THE PAYMENT OF SAID BOND.

WHEREAS, the City of Fort Wayne, Indiana, a municipal corporation and political subdivision duly organized and validly existing under the laws of the State of Indiana, by virtue of the laws of said State, including Sections 36-7-12-1 to 36-7-12-37, Indiana Code, is authorized and empowered, among other things, (a) to issue revenue bonds for the purpose of making a loan to assist in the financing of costs of acquiring, constructing, equipping or improving economic development facilities, as defined in Section 36-7-12-2, Indiana Code, comprising a commercial facility located within the boundaries of the Issuer, (b) to enter into a loan agreement and to provide for revenues sufficient to pay the principal of, and premium, if any, and interest on such revenue bonds, (c) to secure such revenue bonds by an assignment of revenues, as provided for herein, and (d) to enact this Bond Legislation and enter into the Loan Agreement and to execute and deliver the Assignment, all as hereinafter defined, upon the terms and conditions provided therein;

WHEREAS, pursuant to a resolution adopted by the Issuer on September 17, 1981, the Issuer agreed to issue bonds to assist TGI Friday's Realty, Inc., a wholly owned subsidiary of TGI Friday's Inc., in the financing of costs of acquiring, constructing and equipping the project described therein; and

WHEREAS, it has been requested that said bonds now be issued for the aforesaid purpose and loaned to the Company, as herein-

1 after defined, a limited partnership of which TGI Friday's Inc.  
2 is the general partner;

3 NOW THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE  
4 CITY OF FORT WAYNE, INDIANA:

5 SECTION 1. Definitions. In addition to the words and terms  
6 elsewhere defined in this Bond Legislation or in the Agreement,  
7 the following words and terms as used in this Bond Legislation  
8 shall have the following meanings unless the context or use  
9 clearly indicates another meaning or intent:

10 "Act" means Sections 36-7-12-1 to 36-7-12-37 of the Indiana  
11 Code.

12 "Agreement" means the Loan Agreement between the Issuer and  
13 the Company, dated as of February 1, 1982, as from time to time  
14 amended or supplemented.

15 "Assignment" means the Assignment of the Loan Agreement and  
16 Revenues, of even date with the Agreement, from the Issuer to the  
17 Original Purchaser as from time to time amended or supplemented.

18 "Authorized Company Representative" means the person at the  
19 time designated pursuant to the Agreement to act on behalf of the  
20 Company.

21 "Bond Legislation" means this Ordinance as from time to time  
22 lawfully amended or supplemented.

23 "Bond Payment Date" means as to the Project Bond each Janu-  
24 ary 15, April 15, July 15 and October 15, commencing the first of  
25 such dates after the initial delivery of the Project Bond and  
26 after which at least 90 days have elapsed.

27 "Bond service charges" for any time period means the principal  
28 and late charges, if any, and interest required to be paid by the  
29 Issuer on the Project Bond for such time period.

30 "Code" means the Internal Revenue Code of 1954 as amended  
31 and references to the Code and Sections of the Code shall include  
32 relevant regulations and proposed regulations thereunder and any

1 successor provisions to such Sections, regulations or proposed  
2 regulations.

3 "Company" means TGIF-Fort Wayne, a limited partnership formed  
4 and existing under the laws of the State of Texas and registered  
5 to do business in the State, and its lawful successors and assigns.

6 "Construction Fund" means the Construction Fund created by  
7 Section 6 hereof.

8 "Eligible Investments" means (i) obligations issued or  
9 guaranteed by the United States or by any person controlled or  
10 supervised by or acting as an instrumentality of the United States  
11 pursuant to authority granted by Congress, (ii) obligations issued  
12 or guaranteed by any state or political subdivision thereof rated  
13 A or MIG-1, as applicable, or higher by Moody's Investors Service,  
14 Inc. or by Standard & Poor's Corporation, both of New York, New  
15 York, or their successors; (iii) commercial or finance paper,  
16 including that of the Escrow Agent or any affiliate thereof,  
17 which is rated either P-1 or A-1, as applicable, or their  
18 equivalent by Moody's Investors Service, Inc. or Standard & Poor's  
19 Corporation, both of New York, New York, or their successors;  
20 (iv) bankers' acceptances drawn on and accepted by commercial  
21 banks; (v) certificates of deposit of the Escrow Agent or any  
22 commercial bank affiliated with the Escrow Agent, or any other  
23 bank or trust company organized under the laws of the United  
24 States of America or any state thereof, having a reported capital  
25 and surplus of at least \$25,000,000; and (vi) repurchase agree-  
26 ments fully secured by obligations of the type specified in  
27 (i) above; provided that any such investment or deposit is not  
28 prohibited by applicable law.

29 "Escrow Agent" means Fort Wayne National Bank, Fort Wayne,  
30 Indiana as Escrow Agent under the Escrow Agreement.

31 "Escrow Agreement" means the Escrow Agreement for the  
32 escrowing of the Construction Fund dated as of February 1, 1982,

1 among the Escrow Agent, the Issuer, the Company and the Holder.

2 "Executive" means Mayor of the Issuer.

3 "Fiscal Officer" means the City Clerk of the Issuer.

4 "Holder" means the Original Purchaser, as the initial holder  
5 of the Project Bond or, in the event of transfer, thereof, as  
6 permitted by its terms, any subsequent holder of the Project Bond.

7 "Issuer" means the City of Fort Wayne, Indiana, a municipal  
8 corporation and political subdivision duly organized and validly  
9 existing under the laws of the State of Indiana.

10 "Lease" means, collectively, the Lease dated as of February  
11 1, 1982 and the Equipment Lease dated as of February 1, 1982,  
12 both between the Company and the Lessee, as from time to time  
13 supplemented or amended.

14 "Legal Officer" means the City Attorney of the Issuer or  
15 the Attorney for the Fort Wayne Economic Development Commission.

16 "Legislative Authority" means the Common Council of the  
17 Issuer.

18 "Lessee" means TGI Friday's Inc., a corporation duly organ-  
19 ized and validly existing under the laws of the State of New York  
20 and qualified to do business in the State, and its lawful succes-  
21 sors and assigns.

22 "Loan" means the loan by the Issuer to the Company of the  
23 proceeds received from the sale of the Project Bond.

24 "Loan Payments" means the amounts required to be paid by  
25 the Company in repayment of the Loan pursuant to the provisions  
26 of Section 4.1 of the Agreement.

27 "Mortgage" means the Mortgage and Security Agreement, dated  
28 as of February 1, 1982, executed and delivered by the Company to  
29 the Holder concurrently with the delivery of the Note, as from  
30 time to time amended or supplemented.

31 "Note" means the promissory note of the Company attached to  
32 the Agreement as Exhibit A, in the principal amount of \$2,000,000,

1 evidencing the obligation of the Company to make Loan Payments  
2 and delivered to the Original Purchaser pursuant to the Agreement.

3 "Original Purchaser" means The Valley National Bank of  
4 Arizona, Phoenix, Arizona.

5 "Person" or words importing persons mean and include firms,  
6 associations, partnerships (including limited partnerships),  
7 societies, trusts (public or private), corporations or other legal  
8 entities including public or governmental bodies as well as natur-  
9 al persons.

10 "Prime Rate" means the interest rate per annum announced  
11 from time to time by The Valley National Bank of Arizona as its  
12 Prime Rate.

13 "Project" means (a) the real estate at the time comprising  
14 the Project Site, as defined in the Agreement and (b) the real  
15 and personal property at the time comprising the Project Facili-  
16 ties as defined in the Agreement, together constituting "economic  
17 development facilities" as defined in the Act.

18 "Project Bond" means the \$2,000,000 Economic Development  
19 Revenue Bond (TGIF-Fort Wayne Project) (TGI Friday's Inc.-Lessee)  
20 of the Issuer authorized in Section 3 hereof.

21 "Project Purpose" means acquiring, constructing, equipping  
22 or improving real and personal property comprising economic  
23 development facilities to be leased to TGI Friday's Inc. for use  
24 as a restaurant and bar or such as may otherwise be permitted by  
25 the Agreement.

26 "Revenues" means (a) the Loan Payments, (b) all other moneys  
27 received or to be received by the Issuer, or the Holder for the  
28 account of the Issuer, in respect of repayment of the Loan,  
29 (c) unexpended moneys in the Construction Fund or unexpended  
30 moneys in any separate deposit account held by the Holder pursuant  
31 to the Mortgage, and (d) all income and profit from the investment  
32 of the Loan Payments and such other moneys.



1 "State" means the State of Indiana.

2 Any reference herein to the Issuer or to any member or  
3 officers thereof or to the Legislative Authority, or to any member  
4 or officer of either, shall include those succeeding to their  
5 functions, duties or responsibilities pursuant to or by operation  
6 of law or lawfully performing their functions. Any reference to  
7 a section or provision of the Constitution of the State or the  
8 Act, or to a section, provision or chapter of the Indiana Code  
9 shall include such section or provision or chapter as from time  
10 to time amended, modified, revised, supplemented or superseded,  
11 provided that no such change in the Constitution or laws shall  
12 be applicable solely by reason of this provision if such change  
13 in any way constitutes an impairment of the rights or obligations  
14 of the Issuer, the Holder or the Company under this Bond Legisla-  
15 tion, the Agreement, the Assignment, the Mortgage, the Note or  
16 any other document executed in connection with any of the fore-  
17 going, including, without limitation, any alteration of the  
18 obligation to pay the Bond service charges in the amount and  
19 manner, at the times and from the sources provided in the Bond  
20 Legislation, the Agreement and the Mortgage, except as otherwise  
21 herein permitted.

22 Unless the context shall otherwise indicate, words importing  
23 the singular number shall include the plural number, and vice  
24 versa. The terms "hereof", "hereby", "herein", "hereto",  
25 "hereunder" and similar terms mean this Bond Legislation; and the  
26 term "hereafter" means after, and the term "heretofore" means  
27 before, the effective date of this Bond Legislation. Words of  
28 the masculine gender include the feminine and the neuter, and when  
29 the terms so indicate, words of the neuter gender may refer to  
30 any gender.

31 The captions and headings of this Bond Legislation shall be  
32 solely for the convenience of reference and in no way define,

1 limit or describe the scope or intent of any provisions or  
2 Sections of this Bond Legislation.

3       SECTION 2. Determinations of Legislative Authority. The  
4 Legislative Authority does hereby determine that (a) the Project  
5 constitutes economic development facilities within the meaning  
6 of the Act and the proposed financing thereof as herein authorized  
7 will be of benefit to the health and welfare of the Issuer by  
8 tending to overcome deficiencies previously found to exist in  
9 the community, to wit: insufficient employment opportunities  
10 and insufficient diversification of economic development facili-  
11 ties; (b) the proposed financing of the Project, as herein  
12 authorized, complies with the purposes and provisions of the  
13 Act and the utilization of the Project is in furtherance of the  
14 purposes of the Act and will benefit the people of the Issuer  
15 and of the State by creating and preserving jobs and employment  
16 opportunities and improving the economic welfare of the people  
17 of the Issuer and of said State; and (c) the provision of loan  
18 assistance in the financing of costs of acquiring, constructing,  
19 equipping or improving the Project, including the financing of  
20 the costs thereof, will require the issuance, sale and delivery  
21 of the Project Bond in the principal amount of \$2,000,000, which  
22 shall be payable and secured as provided herein and in the  
23 Agreement, the Note and the Mortgage.

24       SECTION 3. Authorization and Terms of Project Bond. It is  
25 determined to be necessary to, and the Issuer shall, issue, sell  
26 and deliver, as provided and authorized herein and pursuant to  
27 the authority of the Act, the Project Bond for the purpose of  
28 making a loan to assist the Company in the financing of costs of  
29 acquiring, constructing, equipping or improving the Project for  
30 the Project Purpose. The Project Bond shall be designated  
31 "Economic Development Revenue Bond (TGIF-Fort Wayne Project)  
32 (TGI Friday's Inc. - Lessee)".

1           The Project Bond shall be issued as a single instrument in  
2     the denomination of \$2,000,000, substantially in the fully  
3     registered form attached hereto as Exhibit A (which is incorporated  
4     herein by reference and made a part hereof fully as if set forth  
5     in full herein), and shall be subject to optional prepayment,  
6     as set forth herein, in the Agreement and in said Exhibit A at  
7     the place set forth therein.

8           The Project Bond shall be dated as of February 1, 1982, but  
9     shall bear interest at the Applicable Rate (subject to adjustment  
10    as hereinafter provided) from the date of initial delivery thereof  
11    (which date shall appear on the face of the Project Bond) to the  
12    Original Purchaser on the unpaid balance of the principal sum  
13    thereof until such balance shall be paid in full. Interest shall  
14    be payable in arrears each Bond Payment Date and shall be calcu-  
15    lated on the basis of a 360-day year of twelve consecutive  
16    30-day months. The amount due on the Project Bond for interest  
17    on each Bond Payment Date shall be the amount of interest accrued  
18    on the outstanding principal balance of the Project Bond for the  
19    calendar quarter ending the December 31, March 31, June 30 and  
20    September 30 prior to the respective Bond Payment Dates, and  
21    written notice of the amount due shall be mailed by the Holder  
22    to the Company on each December 31, March 31, June 30 and  
23    September 30; provided, however, that any failure on the part of  
24    the Holder to mail such statement shall not excuse the payment  
25    of such amount but such amount shall not be due until fifteen  
26    days have elapsed from the mailing of such statement. As used  
27    herein, "Applicable Rate" means 65% of the Prime Rate. The  
28    Applicable Rate shall be initially established by the Holder as  
29    of the close of business of the date of initial delivery thereof  
30    to the Original Purchaser and shall be subject to adjustment on  
31    and as of the date any change in the Prime Rate becomes effective.

32           The Project Bond shall be payable as to principal on each



1 Bond Payment Date, commencing April 15, 1985, in the amounts set  
2 forth in Schedule A thereof.

3 The unpaid principal balance of the Project Bond is subject  
4 to prepayment at any time, at a prepayment price equal to 100%  
5 of the principal amount prepaid, at the option of the Issuer  
6 exercised at the request of the Company by the prepayment prior  
7 to stated maturities of installments of principal due thereon in  
8 whole or in part, together with interest accrued on the principal  
9 amount prepaid to the prepayment date.

10 The unpaid principal balance of the Project Bond is also  
11 subject to prepayment, at a prepayment price equal to 100% of the  
12 unpaid principal balance thereof together with interest accrued  
13 thereon to the prepayment date and late charges, if any, at the  
14 option of the Holder and upon satisfaction of the conditions  
15 provided in Section 6.2 of the Agreement.

16 In the event of any final determination with respect to the  
17 tax liability of the Holder of the Project Bond that the interest  
18 on the Project Bond is wholly or partially includable for federal  
19 income tax purposes in the gross income of the Holder (other  
20 than in the event that the Holder is a "substantial user" of  
21 the Project or a "related person" as those terms are used in  
22 Section 103(b)(10) of the Code), the interest rate on the Project  
23 Bond shall from the date as of which interest is so includable  
24 (the "Date of Taxability") and until all the installments due  
25 on the Project Bond shall have been paid, or until the date as  
26 of which interest is no longer determined to be so includable  
27 pursuant to a final determination, be equal to (i) the Prime  
28 Rate plus one per centum (the "Taxable Rate"), in the event  
29 interest is wholly includable or (ii) the Applicable Rate plus  
30 that portion of the difference between the Taxable Rate and the  
31 Applicable Rate equal to the portion of interest which is  
32 includable, in the event that interest is partially includable.

1 In the event of any final determination, the interest rate on  
2 the Project Bond shall be adjusted as of the close of business  
3 of the Date of Taxability and thereafter as hereinbefore provided.  
4 An amount equal to the difference between (a) the amount of inter-  
5 est which would have been paid on the Project Bond had the inter-  
6 est rate per annum been adjusted as provided in either (i) or  
7 (ii) above for a period (the "Payment Period") beginning on the  
8 Date of Taxability and ending on the first day of the month in  
9 which the final determination occurs and (b) the amount of  
10 interest actually paid on the Project Bond for the Payment Period  
11 shall be paid to the Holder of the Project Bond within thirty  
12 (30) days after the date of the final determination. In addition,  
13 in the event of any final determination, there shall also be due  
14 and payable on the Project Bond an amount generally intended to  
15 make the Holder whole with respect to any penalties or interest  
16 required to be paid by the Holder for failure to report for  
17 federal income tax purposes the interest on the Project Bond, any  
18 such amount shall be paid within thirty (30) days after the Holder  
19 furnishes to the Company evidence of the amount of such penalties  
20 or interest paid by the Holder. As used herein, "final determina-  
21 tion" shall be deemed to have occurred upon receipt by the Holder  
22 of a ruling or technical advice by the Internal Revenue Service  
23 in which the Company has participated or a written opinion of an  
24 attorney or firm of attorneys of recognized standing on the  
25 subject of municipal bonds selected by the Holder and approved by  
26 the Company, which approval shall not be unreasonably withheld.  
27 This paragraph shall survive the payment in full of Bond service  
28 charges on the Project Bond.

29 Bond service charges on the Project Bond shall be payable  
30 in lawful money of the United States, and the Project Bond shall  
31 express on its face the purpose for which it is issued and such  
32 other statements or legends as may be required by law. Bond

1 service charges on the Project Bond shall be payable at the  
2 principle office of the Holder. Upon any transfer of the Project  
3 Bond by the Holder, the Holder shall endorse thereon all payments  
4 of Bond service charges theretofore made.

5 The Project Bond shall be executed by the manual signature  
6 of the Executive and attested by the manual signature of the  
7 Fiscal Officer, and shall bear the corporate seal of the Issuer.

8 SECTION 4. Payment of and Security for the Project Bond.

9 The Project Bond shall be payable solely from the Revenues and  
10 shall be secured by a pledge of the Revenues and by the Assignment.  
11 The Project Bond shall be further secured by the Note and the  
12 Mortgage delivered by the Company to the Holder pursuant to the  
13 Agreement. Anything in this Bond Legislation or the Project Bond  
14 to the contrary notwithstanding, neither this Bond Legislation,  
15 the Project Bond, nor the Agreement shall in any respect be a  
16 general obligation of the Issuer, nor shall the Project Bond be  
17 payable in any manner from funds raised by taxation, and the  
18 Project Bond shall contain on the face thereof a statement to  
19 that effect and that such Bond is payable solely from the Revenues;  
20 provided, that nothing herein shall be deemed to prohibit the  
21 Issuer, of its own volition, from using to the extent lawfully  
22 authorized to do so any other resources for the fulfillment of  
23 any of the terms, conditions or obligations of the Bond Legisla-  
24 tion or of the Project Bond.

25 SECTION 5. Sale of Project Bond. The Project Bond is sold  
26 and awarded to the Original Purchaser in accordance with its offer  
27 to purchase the Project Bond at a purchase price equal to the par  
28 value thereof. The Executive and the Fiscal Officer are author-  
29 ized and directed to make the necessary arrangements with the  
30 Original Purchaser to establish the date, location, procedure  
31 and conditions for the delivery of the Project Bond to the  
32 Original Purchaser, and to take all steps necessary to effect due

1 execution and delivery to the Original Purchaser of the Project  
2 Bond under the terms of this Bond Legislation; provided, however,  
3 the Project Bond shall be executed and delivered within 60 days  
4 from the date of adoption of this Bond Legislation. It is hereby  
5 determined that the price for and the terms of the Project Bond,  
6 and the sale thereof, all as provided in this Bond Legislation,  
7 are in the best interest of the Issuer and in compliance with  
8 all legal requirements.

9 SECTION 6. Allocation of Proceeds of Project Bond - Construc-  
10 tion Fund. The proceeds from the sale of the Project Bond shall  
11 be deposited and credited to a separate deposit account which is  
12 created by the Issuer, to be maintained (except when invested  
13 as hereinafter provided) in the name of the Issuer by the Escrow  
14 Agent pursuant to the Escrow Agreement and the Assignment which  
15 Escrow Agreement is hereby approved by the Issuer. Said separate  
16 account shall be designated "City of Fort Wayne, Indiana - TGIF-  
17 Fort Wayne Construction Fund" (the "Construction Fund"). Moneys  
18 in the Construction Fund may be invested as provided in Section 9  
19 hereof and shall be held and disbursed in accordance with the  
20 provisions of the Escrow Agreement, Assignment and the Agreement.  
21 The Escrow Agent is authorized and directed to make any such  
22 disbursement from the Construction Fund in accordance with the  
23 provisions of the Escrow Agreement, the Agreement and the Assign-  
24 ment.

25 The moneys and Eligible Investments to the credit of the  
26 Construction Fund shall, pending disbursement pursuant to the  
27 Agreement and as above set forth, constitute a part of the  
28 Revenues pledged and assigned as security for the payment of the  
29 Bond service charges.

30 SECTION 7. Pledge and Assignment of Revenues. The Issuer  
31 hereby pledges and assigns its right, title and interest in all  
32 Revenues, including the investments thereof, to the Holder as

1 security for the payment of the Bond service charges, including,  
2 without limitation, all Loan Payments which under the terms of  
3 the Agreement and the Note are to be paid by the Company directly  
4 to the Holder for application to the payment of such Bond service  
5 charges. Such pledge and assignment shall be, and is intended  
6 to be, immediately effective without further action; provided  
7 that, the Issuer shall execute and deliver the Assignment and  
8 shall take such other action as may be deemed necessary or appro-  
9 priate by the Legal Officer to further evidence such pledge and  
10 assignment.

11 SECTION 8. Covenants and Representations of Issuer. In  
12 addition to other covenants and representations of the Issuer con-  
13 tained in this Bond Legislation, the Issuer further covenants,  
14 represents and agrees with the Holder as follows:

15 (a) Payment of Bond Service Charges. The Issuer will,  
16 solely from the sources herein provided, pay or cause to be paid  
17 the Bond service charges on the Project Bond on the dates, at  
18 the places and in the manner provided herein and in the Project  
19 Bond.

20 (b) Performance of Covenants, Authority and Actions. The  
21 Issuer will at all times faithfully observe and perform all  
22 agreements, covenants, undertakings, stipulations and provisions  
23 contained in the Agreement, the Assignment, this Bond Legislation  
24 and the Project Bond and all proceedings of its Legislative  
25 Authority pertaining thereto, on its part to be performed or  
26 observed. The Issuer represents that it is, and upon delivery of  
27 the Project Bond covenants that it will be, duly authorized by  
28 the Constitution and laws of the State including particularly  
29 and without limitation the Act, to issue the Project Bond, to  
30 execute the Agreement, the Escrow Agreement and the Assignment  
31 and to provide the security for payment of the Bond service  
32 charges in the manner and to the extent herein and in the Project



1 Bond set forth; that all actions on its part for the issuance  
2 of the Project Bond and execution and delivery of the Agreement  
3 and the Assignment have been or will be duly and effectively  
4 taken; and that the Project Bond in the hands of the Holder will  
5 be a valid and enforceable special obligation of the Issuer  
6 according to the terms thereof. Each obligation of the Issuer  
7 required to be undertaken pursuant to the Bond Legislation, the  
8 Agreement, the Escrow Agreement, the Assignment and the Project  
9 Bond is binding upon the Issuer, and upon such officer or employee  
10 thereof as may from time to time have the authority under law to  
11 take such actions as may be necessary to perform all or any part  
12 of such obligation, as a duty of the Issuer and of each such  
13 officer and employee resulting from an office, trust or station.

14 (c) Revenues and Assignment of Revenues. Except as otherwise  
15 provided in this Bond Legislation, the Agreement or the Assignment,  
16 the Issuer will not pledge or assign the Revenues or create or  
17 permit to be created any debt, lien or charge thereon other than  
18 the pledge and assignment thereof under this Bond Legislation and  
19 the Assignment.

20 (d) Recordings and Filings. The Issuer will, at the expense  
21 of the Company, cause the Agreement and the Assignment and any  
22 amendments or supplements to either and any related documents or  
23 instruments relating to the pledge and assignment made by it to  
24 secure the Project Bond, to be recorded and filed in such manner  
25 and in such places as may be required by law in order to fully  
26 preserve and protect the security of the Holder.

27 (e) Inspection of Project Books. All books and documents  
28 in the Issuer's possession relating to the Project and the Rev-  
29 enues shall at all times during the Issuer's regular business  
30 hours be open to inspection by such accountants or other agents  
31 of the Holder as the Holder may from time to time designate.

32 (f) Rights and Enforcement of the Agreement. The Holder, in

1 its name or in the name of the Issuer, may enforce all rights of  
2 the Issuer except for Unassigned Issuer's Rights as defined in the  
3 Agreement and all obligations of the Company under and pursuant  
4 to the Agreement, whether or not the Issuer is in default of the  
5 pursuit or enforcement of such rights and obligations. However,  
6 the Issuer shall do all things and take all actions on its part  
7 necessary to comply with the obligations, duties and responsib-  
8 ilities on its part under the Agreement, and will take all actions  
9 within its authority to keep the Agreement in effect in accordance  
10 with the terms thereof.

11 (g) Arbitrage Provisions. The Issuer will restrict the use  
12 of the proceeds of the Project Bond in such manner and to such  
13 extent, if any, as may be necessary, after taking into account  
14 reasonable expectations at the time of the delivery of and payment  
15 for such Project Bond, so that the Project Bond will not constitute  
16 arbitrage bonds under Section 103(c) of the Internal Revenue Code  
17 and the applicable income tax regulations under that Section.  
18 The Fiscal Officer or any other officer of the Issuer having  
19 responsibility for issuing the Project Bond is authorized and  
20 directed, alone or in conjunction with any of the foregoing or  
21 with any other officer, employee, consultant or agent of the  
22 Issuer or with the Company or any employee, consultant or agent  
23 of the Company to give an appropriate certificate of the Issuer,  
24 for inclusion in the transcript of proceedings for the Project  
25 Bond, setting forth the reasonable expectations of the Issuer  
26 regarding the amount and use of the proceeds of the Project Bond  
27 and the facts, estimates and circumstances on which they are  
28 based, such certificate to be premised on the reasonable expect-  
29 ations and the facts, estimates and circumstances on which they  
30 are based as provided by the Company, all as of the date of  
31 delivery of and payment for the Project Bond.

32 (h) Transcript of Proceedings. The Fiscal Officer or other

1 appropriate officer of the Issuer shall furnish to the Holder  
2 a true transcript of proceedings, certified by said officer, of  
3 all proceedings had with reference to the issuance of the Project  
4 Bond along with such information from the records as is necessary  
5 to determine the regularity and validity of the issuance of said  
6 Project Bond.

7 (i) Federal Tax Election. This Legislative Authority elects  
8 to have the limitation on capital expenditures specified in  
9 Section 103(b) (6) (D) of the Code applied to the Project Bond, and  
10 the execution and filing with the Internal Revenue Service of a  
11 statement regarding such election, as provided for in such Code  
12 and the rules and regulations of the Internal Revenue Service,  
13 by the Executive or the Fiscal Officer is hereby authorized,  
14 approved, ratified and affirmed.

15 SECTION 9. Investment and Records of Construction Fund.  
16 Moneys in the Construction Fund shall be invested and reinvested  
17 by the Escrow Agent in any Eligible Investments at the oral or  
18 written direction of the Authorized Company Representative in  
19 accordance with Section 3.7 of the Agreement. Subject to any  
20 such written request with respect thereto, the Escrow Agent may  
21 from time to time sell such investments and reinvest the proceeds  
22 therefrom in Eligible Investments maturing or redeemable as  
23 aforesaid. Any such investments may be purchased from or sold  
24 to the Escrow Agent. An investment made from moneys credited to  
25 the Construction Fund shall constitute part of that Fund and such  
26 Fund shall be credited with all proceeds of sale and income from  
27 such investment. For purposes of this Bond Legislation, such  
28 investments shall be valued at face amount or market value,  
29 whichever is less.

30 SECTION 10. Agreement, Assignment and Escrow Agreement.  
31 In order to provide for the issuance and sale of the Project  
32 Bond and the consummation of the transactions to be consummated

1 thereby, the Executive and the Fiscal Officer are authorized  
2 and directed to execute, acknowledge and deliver, in the name  
3 and on behalf of the Issuer, the Agreement, the Assignment and  
4 the Escrow Agreement, in substantially the forms submitted to  
5 this Legislative Authority, which instruments are approved,  
6 with such changes therein not inconsistent with this Bond Legis-  
7 lation and not substantially adverse to the Issuer as may be  
8 permitted by the Act and approved by the officers executing the  
9 same on behalf of the Issuer. The approval of such changes by  
10 said officers, and that such are not substantially adverse to  
11 the Issuer, shall be conclusively evidenced by the execution of  
12 such instruments.

13 SECTION 11. Other Documents. The Executive and the Fiscal  
14 Officer, as appropriate, are further authorized and directed to  
15 execute such certifications, financing statements, assignments  
16 and instruments as are, in the opinion of Bond Counsel, necessary  
17 or appropriate to perfect the pledge and assignments set forth  
18 herein and in the Assignment and to consummate the transactions  
19 contemplated by this Bond Legislation, the Agreement, and the  
20 Assignment.

21 SECTION 12. Delivery of Project Bond. Before the Project  
22 Bond is delivered there shall be delivered to the Holder:

- 23 (a) A copy, duly certified by the Fiscal Officer of  
24 this Bond Legislation; and  
25 (b) The fully-executed Note;  
26 (c) An original executed counterpart of the Agree-  
27 ment, the Escrow Agreement, the Mortgage and  
28 the Assignment and;  
29 (d) Written title evidence that the Holder as  
30 holder of the Mortgage will have a valid,  
31 direct first mortgage upon the Mortgaged  
32 Property as defined in the Mortgage subject

only to (i) taxes and assessments not delinquent, (ii) liens and encumbrances permitted by the terms and provisions of the Mortgage, and (iii) the Mortgage. Such title evidence shall consist of an ALTA form of loan policy of title insurance, or commitment therefor, in the name of the Holder both in an amount of not less than \$2,000,000, issued by a title company selected by the Company and approved by the Holder, authorized to transact business in the State.

SECTION 13. Payment and Discharge. If the Issuer shall pay or cause to be paid and discharged the Project Bond, the covenants, agreements and other obligations of the Issuer hereunder and in the Project Bond, the Agreement, the Assignment and the Escrow Agreement shall be discharged and satisfied, except for the obligation to make any payment required under loss of tax exemption provisions in Section 3 hereof.

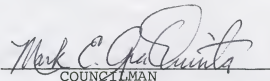
SECTION 14. Compliance with Open Meeting Requirements. It is hereby found and determined that all final actions of this Legislative Authority concerning and relating to the passage of this Bond Legislation were taken in an open meeting of this Legislative Authority, and that all deliberations of this Legislative Authority and of any of its committees that resulted in such final actions were conducted openly, in compliance with all legal requirements.

SECTION 15. Payments Due on Sundays and Holidays. In any case where the date of maturity of or due date of interest on or principal of the Project Bond shall be a Sunday or a day on which the Holder is required, or authorized or not prohibited, by law (including executive orders) to close and is closed,



1 then payment of such interest or principal need not be made on  
2 such date but may be made on the next succeeding business day on  
3 which the Holder is open for business with the same force and  
4 effect as if made on the date of maturity or such due date and no  
5 interest shall accrue for the period after such date.

6 SECTION 16. Effective Date. This Ordinance shall take  
7 effect and be in force immediately upon its passage and approval  
8 by the Mayor.

9  
10   
11 COUNCILMAN

12 APPROVED AS TO FORM AND LEGALITY  
13 THIS \_\_\_\_ DAY OF \_\_\_\_\_, 1982.

14   
15 John J. Wernet, Counsel to the  
16 Economic Development Commission

Read the first time in full and on motion by GiaQuinta, seconded by Stier, and duly adopted, read the second time by title and referred to the Committee General (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Chambers, City-County Building, Fort Wayne, Indiana, on 19, the 29 day of February, at 8 o'clock P.M., E.S.T.

DATE: 29-82

Charles W. Westerman  
CHARLES W. WESTERMAN  
CITY CLERK

Read the third time in full and on motion by GiaQuinta, seconded by Stier, and duly adopted, placed on its passage. PASSED (~~1982~~) by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT	TO-WIT:
TOTAL VOTES	<u>1</u>	<u>      </u>	<u>      </u>	<u>2</u>	<u>      </u>
BURNS	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
EISBART	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
GiaQUINTA	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
NUCKOLS	<u>      </u>	<u>      </u>	<u>      </u>	<u>X</u>	<u>      </u>
SCHMIDT, D.	<u>      </u>	<u>      </u>	<u>      </u>	<u>X</u>	<u>      </u>
<del>SCHMIDT, W.</del>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
SCHOMBURG	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
STIER	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
TALARICO	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<u>Benchy</u>	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

DATE: 2-23-82

Charles W. Westerman  
CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as (ZONING MAP)        (GENERAL)        (ANNEXATION)        (SPECIAL) (APPROPRIATION) ORDINANCE (RESOLUTION) No. 2-35-82 on the 23rd day of February, 19 82.

ATTEST:

(SEAL)

Charles W. Westerman  
CHARLES W. WESTERMAN - CITY CLERK

Samuel J. Talarico  
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 24th day of February, 19 82, at the hour of 11:10 o'clock A.M., E.S.T.

Charles W. Westerman  
CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this 24th day of Feb. 19 82, at the hour of 4 o'clock P.M., E.S.T.

Winfield C. Moses, Jr.  
WINFIELD C. MOSES, JR.  
MAYOR

*Handwritten signature*

BILL NO. S-82-02-01

REPORT OF THE COMMITTEE ON FINANCE

WE, YOUR COMMITTEE ON Finance TO WHOM WAS REFERRED AN  
ORDINANCE ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF A \$2,000,000  
ECONOMIC DEVELOPMENT REVENUE BONDS (TGIF-FORT WAYNE PROJECT)  
(TGI FRIDAY'S INC. - LESSEE) OF THE CITY OF FORT WAYNE, INDIANA,  
FOR THE PURPOSE OF MAKING A LOAN TO ASSIST TGIF-FORT WAYNE IN THE  
FINANCING OF ECONOMIC DEVELOPMENT FACILITES WITHIN THE MEANING OF  
36-7-12-2, INDIANA CODE, AND AUTHORIZING THE EXECUTION AND  
DELIVERY OF A LOAN AGREEMENT PERTAINING TO THE PROJECT AND THE  
EXECUTION AND DELIVERY OF AN ASSIGNMENT SECURING THE PAYMENT OF  
SAID BOND

HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND BEG LEAVE TO REPORT  
BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE DO PASS.

MARK E. GIAQUINTA - CHAIRMAN *Mark E. Giaquinta*

PAUL M. BURNS - VICE CHAIRMAN *Paul M. Burns*

JAMES S. STIER *James S. Stier*

JOHN NUCKOLS

DONALD J. SCHMIDT

2-23-82  
CONCURRED IN  
DATE 2-23-82 CHARLES W. WESTERMAN, CITY CLERK

DIGEST SHEET

L-82-02-01

TITLE OF ORDINANCE SpecialDEPARTMENT REQUESTING ORDINANCE Economic Development CommissionSYNOPSIS OF ORDINANCE An Ordinance authorizing the City of FortWayne to issue its Economic Development Revenue Bond (TGIF-FortWayne Project) (TGI Friday's Inc. - Lessee), and approval offinal financing documents. An Inducement Resolution for thisProject was previously adopted by City Council.EFFECT OF PASSAGE Permanent Financing of the Facilities.EFFECT OF NON-PASSAGE None of the above.MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS) None

ASSIGNED TO COMMITTEE (PRESIDENT) \_\_\_\_\_

MORTGAGE AND SECURITY AGREEMENT

between

TGIF-FORT WAYNE

and

THE VALLEY NATIONAL BANK OF ARIZONA, PHOENIX, ARIZONA

---

\$2,000,000  
City of Fort Wayne, Indiana  
Economic Development Revenue Bond  
(TGIF - Fort Wayne Project)  
(TGI Friday's Inc. - Lessee)

---

Dated

as of

February 1, 1982

---

Recorded in Allen County, Indiana  
Volume           , Page           , No.  
                  , 1981    .m.

Squire, Sanders & Dempsey  
Bond Counsel



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(The Index is not a part of this Mortgage  
and is only for convenience of reference.)

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Exhibit A - Project Site  
Exhibit B - Permitted Encumbrances

## MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT (the "Mortgage"), dated as of February 1, 1982, executed and delivered by TGIF-Fort Wayne (the "Mortgagor"), a limited partnership formed and existing under the laws of the State of Texas and registered to do business in the State, to The Valley National Bank of Arizona, Phoenix, Arizona, (the "Mortgagee"), under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals being used therein as defined in Article I hereof):

A. Pursuant to Sections 36-7-12-1 to 36-7-12-37 of the Indiana Code, the Issuer has issued, sold and delivered its Project Bond to the Mortgagee, in the principal amount of \$2,000,000.

B. Pursuant to the Agreement, as hereinafter defined, to which reference is hereby made and a counterpart of which is on file and available for inspection at the Notice Address of the Mortgagee, the Issuer has loaned to the Mortgagor the proceeds received from the sale of the Project Bond.

C. By the Agreement and as further evidenced by the Note, the Mortgagor is required to repay such loan by making Loan Payments, as defined in the Agreement, to the Mortgagee at such times and in such amounts as shall be sufficient to pay the total amounts due with respect to the principal of, and late charges, if any, and interest on the Project Bond (the "Bond service charges") as and when due. The final principal payment on the Project Bond, if not earlier paid, is due and payable on \_\_\_\_\_.

D. By the Assignment the Issuer has, with the consent of the Mortgagor, assigned to the Mortgagee, as security for the payment of the Bond service charges on the Project Bond, (i) except as otherwise reserved therein, all of its rights and interest under, in and to the Agreement and (ii) the Revenues, as defined in the Bond Legislation.

NOW, THEREFORE, as an inducement to and in consideration of the loan of the proceeds of the sale of the Project Bond to the Mortgagee by the Issuer pursuant to the Agreement, and for other valuable consideration, the receipt of which is hereby acknowledged, and for the purpose of securing: (i) all payments to be made by the Mortgagor under the Agreement, the Note, and this Mortgage, including without limitation all Loan Payments, (ii) any amounts advanced or costs incurred by the Mortgagee for the protection of the Mortgaged Property or in connection with the enforcement of this Mortgage, the Note or the Agreement and (iii) the performance and observance of each covenant and agreement of the Mortgagor contained in this Mortgage, the Note and the Agreement, the Mortgagor does hereby grant, bargain, sell, convey, mortgage, assign, grant a security interest in and transfer unto the Issuer, its successors and assigns, the following property (the "Mortgaged Property"):

- (a) The real estate described in Exhibit A attached hereto, together with all other real properties now or hereafter made subject to the lien of this Mortgage by supplemental mortgage or otherwise (the "Project Site");

- (b) All buildings, structures, additions, improvements, facilities, fixtures, fittings, machinery, apparatus, installations, furniture, equipment and other property, now or hereafter located in, upon or under, or based at the Project Site (the "Project Facilities");
- (c) All rentals, revenues, payments, repayments, income, charges and moneys derived by the Mortgagor from the lease, sale, or other disposition of the Project Site or Project Facilities and the proceeds from any insurance or condemnation award pertaining thereto; and
- (d) All other interests in real property easements, rights of way or use, licenses, privileges, franchises, servitudes, tenements, hereditaments and all appurtenances now or hereafter belonging to or otherwise appertaining to the Project Site or the Project Facilities including, without limitation, all right, title and interest in any street, open or proposed.

TO HAVE AND TO HOLD the Mortgaged Property unto the Mortgagee, its successors and assigns, forever;

AND, IT IS HEREBY COVENANTED that this Mortgage is given and the Mortgaged Property is to be held upon to the terms herein set forth.

## ARTICLE I

### DEFINITIONS

Section 1.1. Use of Defined Terms. In addition to the words and terms elsewhere defined in this Mortgage or by reference to the Agreement, or the Bond Legislation, the words and terms set forth in Section 1.2 hereof shall have the meanings therein set forth unless the context or use expressly indicates different meaning or intent. Such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms therein defined.

Section 1.2. Definitions. As used herein:

"Agreement" means the Loan Agreement between the Issuer and the Mortgagor, of even date herewith, as from time to time amended or supplemented.

"Assignment" means the Assignment of the Loan Agreement and Revenues, of even date herewith, from the Issuer to the Mortgagee, as from time to time amended or supplemented.

"Bond Legislation" means the ordinance passed by the Legislative Authority of the Issuer as defined in the Agreement authorizing the Project Bond, as from time to time lawfully amended or supplemented.

"Commercial Code" means Title 26, Article 1, Indiana Code, as from time to time amended or supplemented.

"Construction Fund" means the Construction Fund created by the Bond Legislation.

"Engineer" means an individual or firm selected by the Mortgagor, acceptable to the Mortgagee and qualified to practice the profession of engineering or architecture under the laws of the State.

"Event of Default" means any of the events described as an Event of Default in Section 6.2 hereof.

"Escrow Agent" means \_\_\_\_\_, \_\_\_\_\_, Indiana, as Escrow Agent under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement dated as of February 1, 1982, among the Escrow Agent, the Issuer, the Mortgagor and the Mortgagee.

"Force Majeure" means any of the causes, circumstances or events described as constituting Force Majeure in Section 6.2 hereof.

"Independent Counsel" means an attorney or firm of attorneys selected by the Mortgagee, acceptable to the Mortgagor, and duly admitted to practice law before the highest court of the State.

"Insurance Requirements" means those insurance requirements described in Section 4.1 hereof.



"Interest Rate for Advances" means, to the extent lawfully chargeable, the rate per annum which is one and one-half percentage points in excess of the Mortgagee's "Prime Rate", which is that interest rate per annum announced from time to time by the Mortgagee as its prime rate.

"Issuer" means City of Fort Wayne, Indiana, a municipal corporation and political subdivision duly organized and validly existing under the laws of the State of Indiana.

"Lease" means collectively, the Lease dated as of February 1, 1982 and the Equipment Lease dated as of February 1, 1982, both between the Company and the Lessee, as from time to time supplemented or amended.

"Legal Requirements" means those legal requirements described in Section 4.1 hereof.

"Lessee" means TGI Friday's Inc., a corporation duly organized and validly existing under the laws of the State of New York and qualified to do business in the State, and its lawful successors and assigns.

"Mortgage" means this Mortgage and Security Agreement, as from time to time amended or supplemented.

"Net Proceeds", when used with respect to any insurance proceeds or condemnation award, means the gross proceeds thereof less the payment of all expenses, including attorneys' fees incurred in connection with the collection of such gross proceeds.

"Note" means the promissory note of the Company in the principal amount of \$2,000,000, of even date herewith, executed and delivered by the Company to the Mortgagee.

"Notice Address" means as to the Mortgagor, TGIF-Fort Wayne, 14665 Midway Road, P.O. Box 400329, Dallas, Texas 75240, Attention: General Counsel and as to Mortgagee, The Valley National Bank of Arizona, P.O. Box 71, Phoenix, Arizona 85001, Attention: Commercial Banking Department.

"Permitted Encumbrances" means the exceptions, restrictions, easements and encumbrances set forth in Exhibit B hereto.

"Project Bond" means the Issuer's \$2,000,000 Economic Development Revenue Bond (TGIF-Fort Wayne Project) (TGI Friday's, Inc. - Lessee), of even date herewith, issued pursuant to the Bond Legislation.

"Required Property Insurance Coverage" means insurance insuring the Project Facilities against loss or damage by fire, lightning, vandalism and malicious mischief and all other perils covered by standard "extended coverage" or "all risks" policies in an amount equal to 100% of the replacement costs of the Project Facilities.

"Required Public Liability Insurance Coverage" means comprehensive general accident and public liability insurance.

"State" means the State of Indiana.

Section 1.3. Certain References. The terms "hereof", "hereby", "herein", "hereto", "hereunder" and similar terms refer to this Mortgage. The term "hereafter" means after, and the term "heretofore" means before, the date of delivery of this Mortgage. Words of the masculine gender include the feminine and the neuter, and when the sense so indicates, words of the neuter gender may refer to any gender.

(End of Article I)

## ARTICLE II

### PRESERVATION OF SECURITY

Section 2.1. Representations and Warranties. The Mortgagor represents and warrants that (i) the Mortgagor is lawfully seized with good and marketable title free simple to the Project Site and has good title to all personal property included in the Mortgaged Property subject only to Permitted Encumbrances, (ii) it has full right and authority to sell and convey the Mortgaged Property and (iii) it will warrant and defend to the Mortgagee such title to the Mortgaged Property and the lien and interest of the Mortgagee therein and thereon against all claims and demands whatsoever and will, except as otherwise herein expressly provided, maintain the priority of the lien of, and the security interest granted by, this Mortgage upon the Mortgaged Property until the Mortgagor shall be entitled to defeasance as provided herein.

Section 2.2. Recordation. The Mortgagor, at its expense, shall cause this Mortgage, any instruments supplemental hereto and financing statements, including all necessary amendments, supplements and appropriate continuation statements to be recorded, registered and filed, and to be kept recorded, registered and filed, in such manner and in such places as may be required in order to establish, preserve and protect the lien of this Mortgage as a valid, first mortgage lien on all real property, fixtures and interests therein included in the Mortgaged Property and a valid, perfected first priority security interest in all personal property, fixtures and interests therein included in the Mortgaged Property (including in each such case, without limitation, any such properties acquired after the execution hereof). If requested by the Mortgagee, but in each case not more than once in each calendar year, the Mortgagor, at its expense, will furnish to the Mortgagee an opinion of Independent Counsel, specifying the action required and to be taken by the Mortgagor to comply with this Section 2.2 since the date of this Mortgage or the date of the most recent such opinion or stating that no such action is necessary.

Section 2.3. After-Acquired Property. All property of every kind acquired by the Mortgagor after the date hereof, which by the terms hereof is intended to be subject to the lien of this Mortgage, shall immediately upon the acquisition thereof by the Mortgagor, and without further mortgage, conveyance or assignment, become subject to the lien of this Mortgage as fully as though now owned by the Mortgagor and specifically described herein. Nevertheless, the Mortgagor shall take such actions and execute and deliver such additional instruments as the Mortgagee shall reasonably require to further evidence or confirm the subjection to the lien of this Mortgage of any such property.

Section 2.4. Disposition of Mortgaged Property Liens and Encumbrances. Except as otherwise expressly permitted by this Mortgage, the Note or the Agreement, the Mortgagor shall not sell, convey, assign or transfer the Mortgaged Property without the prior written consent of the Mortgagee. The Mortgagor shall not directly or indirectly create or permit to remain, and will promptly discharge, any mortgage, lien, encumbrance or charge on, pledge

of, security interest in or conditional sale or other title retention agreement with respect to the Mortgaged Property or any part thereof or the interest of the Mortgagor or the Mortgagee therein or any revenues, income or profit or other sums arising from the Mortgaged Property or any part thereof, (including, without limitation, any lien, encumbrance or charge arising by operation of law) other than:

- (a) the lien of this Mortgage and the rights granted hereby and in the Agreement;
- (b) liens for taxes, assessments and other governmental charges which are not at the time required to be paid pursuant to Section 3.1 hereof;
- (c) liens of mechanics, materialmen, suppliers or vendors or rights thereto to the extent permitted by Section 3.2 hereof; and
- (d) Permitted Encumbrances.

Any mortgage, lien, encumbrance, charge, pledge, security interest or title retention agreement with respect to the Mortgaged Property, or any part thereof, granted or created by the Mortgagor without the prior written consent of the Mortgagee shall be null and void. However, any attempt at the making thereof shall, at the option of the Mortgagee, constitute an event of default hereunder.

Section 2.5. Security Agreement and Financing Statement. This Mortgage constitutes a security agreement as to all or any part of the Mortgaged Property which is of a nature that a security interest therein can be perfected under the Commercial Code. This Mortgage also constitutes a financing statement with respect to any and all property included in the Mortgaged Property which is or may become fixtures.

Section 2.6. No Claims Against Mortgagee. Nothing contained in this Mortgage shall constitute any request by the Mortgagee, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property or any part thereof, or be construed to give the Mortgagor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would provide the basis for any claim either against the Mortgagee or that any lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the lien of this Mortgage.

(End of Article II)

### ARTICLE III

#### TAXES, MECHANICS' LIENS AND INSURANCE

Section 3.1. Payment of Taxes and Other Governmental Charges. The Mortgagor shall pay promptly when due, and before penalty or interest accrue thereon, all taxes, assessments, whether general or special, and other governmental charges of any kind whatsoever foreseen or unforeseen, ordinary or extraordinary that now or may at any time hereafter be assessed or levied against or with respect to the Mortgaged Property or any part thereof (including, without limitation, any taxes levied upon or with respect to the revenues, income or profits of the Mortgagor from the Mortgaged Property) which, if not paid, may become or be made a lien on the Mortgaged Property, or any part thereof, or a charge on such revenues, income or profits.

Notwithstanding the preceding paragraph, the Mortgagor may, at its expense and after prior notice to the Mortgagee, by appropriate proceedings diligently prosecuted, contest in good faith the validity or amount of any such taxes, assessments and other charges and during the period of contest, and after notice to the Mortgagee, need not pay the items so contested to remain unpaid. However, if at any time the Mortgagee shall notify the Mortgagor that, in the opinion of Independent Counsel, by nonpayment of any such items the lien or security interests created by the Mortgage as to any part of the Mortgaged Property will be materially affected or the Mortgaged Property or any part thereof will be subject to imminent loss or forfeiture, the Mortgagor shall promptly pay such taxes, assessments or charges. During the period when the taxes, assessments or other charges so contested remain unpaid, the Mortgagor shall set aside on its books adequate reserves with respect to such taxes, assessments or charges.

Section 3.2. Mechanics' and Other Liens. The Mortgagor shall not permit any mechanics' or other liens to be filed or to exist against the Mortgaged Property by reason of work, labor, services or materials supplied or claimed to have been supplied to, for or in connection with the Mortgaged Property or to the Mortgagor or anyone holding the Mortgaged Property or any part thereof through or under the Mortgagor. If any such lien shall at any time be filed, the Mortgagor shall, within sixty days after notice of the filing thereof but subject to the right to contest as set forth herein, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. Notwithstanding the foregoing, the Mortgagor shall have the right, at its own expense and after prior written notice to the Mortgagee, by appropriate proceeding duly instituted and diligently prosecuted, to contest in good faith the validity or the amount of any such lien. However, if the Mortgagee shall notify the Mortgagor that, in the opinion of Independent Counsel, by nonpayment of any such items the lien or Security Interests created by the Mortgage will be materially affected or the Mortgaged Property or any part thereof will be subject to imminent loss or forfeiture, the Mortgagor shall promptly cause such lien to be discharged of record.

Section 3.3. Insurance. The Mortgagor shall keep the Project Facilities continuously insured with Required Property Insurance Coverage. For purposes of establishing the amount of the Required Property Insurance,

"replacement cost" of the Project Facilities shall be determined not more frequently than once every two years at the request of the Mortgagor, Mortgagee or Lessee by the insurance company providing the Required Property Insurance, and such redetermination shall be made promptly and in accordance with the rules and practices of the Board of Fire Underwriters or a like Board recognized and generally accepted by the insurance company. Each party shall be promptly notified of the results.

The Mortgagor shall keep and maintain Required Public Liability Insurance with reference to the Project Site and the Project Facilities with coverage limits in the amounts of \$3,000,000 per occurrence and \$300,000 for property damage or in such larger amounts as may be reasonably redetermined not more frequently than once every two years at the request of the Mortgagor, Mortgagee or Lessee in accordance with the provisions of Section \_\_\_\_\_ of the Lease.

All insurance shall be obtained and maintained either by means of policies with generally recognized, responsible insurance companies or in conjunction with other companies through an insurance trust or other arrangements satisfactory to the Mortgagee, and all such companies are to be qualified to do business in the State. The insurance to be provided may be by blanket policies. Each policy of insurance shall be written so as not to be subject to cancellation or substantial modification upon less than thirty days' advance written notice to the Mortgagee and each policy shall include the Mortgagee as a named insured. The Mortgagor shall deposit with the Mortgagee and, until the Completion Date (as defined in the Agreement), the Escrow Agent certificates or other evidence satisfactory to the Mortgagee and the Escrow Agent that the insurance required hereby has been obtained and is in full force and effect. Prior to the expiration of any such insurance, the Mortgagor shall furnish the Mortgagee with evidence satisfactory to the Mortgagee that such insurance has been renewed or replaced and that all premiums thereon have been paid in full and all insurance policies required hereby are in full force and effect. The Mortgagor shall file with the Mortgagee a copy of any claim that may be made under the Required Property Insurance coverage which claim is in excess of \$50,000.

All policies providing the Required Property Insurance Coverage shall contain standard mortgage clauses requiring all proceeds resulting from any claim for loss or damage in excess of \$50,000 to be paid to the Mortgagee and any Net Proceeds of insurance providing such coverage shall be paid and applied as provided in Section 5.2 hereof. Any proceeds of policies providing Required Public Liability Insurance Coverage shall be applied toward the extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid.

Section 3.4. Workers' Compensation Coverage. The Mortgagor shall maintain or cause to be maintained in connection with the Mortgaged Property, any workers' compensation coverage required by the applicable laws of the State.



## ARTICLE IV

### MAINTENANCE AND USE OF MORTGAGED PROPERTY

Section 4.1. Compliance with Legal and Insurance Requirements. The Mortgagor, at its expense, shall promptly comply with all Legal Requirements and Insurance Requirements, and shall procure, maintain and comply with all permits, licenses and other authorizations required for any use being made of the Mortgaged Property or any part thereof then being made or anticipated to be made, and for the proper construction, installation, operation and maintenance of the Mortgaged Property or any part thereof, and will comply with any instruments of record at the time in force burdening the Mortgaged Property or any part thereof. As used in this Section, "Legal Requirements" means all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all governmental entities, departments, commissions, boards, courts, authorities, agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Mortgaged Property or any part thereof, any use, anticipated use or condition of the Mortgaged Property or any part thereof, and the "Insurance Requirements" means all provisions of any insurance policy covering or applicable to the Mortgaged Property or any part thereof, all requirements of the issuer of any such policy, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Mortgaged Property or any part thereof. The Mortgagor may, at its expense and after prior notice to the Mortgagee, by any appropriate proceedings diligently prosecuted, contest in good faith any Legal Requirement and postpone compliance therewith pending the resolution or settlement of such contest provided that such postponement does not, in the opinion of Independent Counsel, materially affect the lien or security interests created by this Mortgage as to any part of the Mortgaged Property or subject the Mortgaged Property, or any part thereof, to imminent loss or forfeiture. In the event that the liquor license utilized in connection with the operation of the Mortgaged Property is revoked, suspended or otherwise lost for any reason but is reinstated within sixty (60) days of the date of such loss, such loss shall not be regarded as a violation of the requirements of this Section.

Section 4.2. Maintenance and Use of Mortgaged Property. The Mortgagor, at its expense, will keep or cause to be kept the Mortgaged Property in good order and condition (ordinary wear and tear excepted) and will make all necessary or appropriate repairs, replacements and renewals thereof, interior, exterior, structural and non-structural, ordinary and extraordinary, foreseen and unforeseen. Except as contemplated in Section 4.4 hereof, the Mortgagor will not do, or permit to be done, any act or thing which might materially impair the value or usefulness of the Mortgaged Property or any part thereof, will not commit or permit any material waste of the Mortgaged Property or any part thereof, and will not permit any unlawful occupation, business or trade to be conducted on the Mortgaged Property or any part thereof. The Mortgagor shall also, at its expense, promptly comply with all rights of way or use, privileges, franchises, servitudes, licenses, easements, tenements, hereditaments and appurtenances forming a part of the Mortgaged Property and all instruments creating or evidencing the same, in each case, to the extent compliance therewith is required of the Mortgagor under the terms thereof.

Section 4.3. Additions, Modifications and Improvements. The Mortgagor may, in its discretion and at its expense, make from time to time any additions, modifications or improvements to the Mortgaged Property which it may deem desirable for its business purposes provided that no such additions, modifications or improvements shall, in the opinion of an Engineer, adversely affect the structural integrity or strength of any improvements constituting a part of the Mortgaged Property or materially interfere with the use and operation thereof. Except for cases governed by Section 4.4 hereof, all additions, modifications and improvements so made by the Mortgagor shall become or be deemed to constitute a part of the Mortgaged Property, except as may be provided herein.

Section 4.4. Substitutions and Removals. In any instance where the Mortgagor, in its reasonable discretion, determines that any item of personal property constituting a part of the Mortgaged Property shall have become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary or should be replaced, the Mortgagor may remove such items provided that the Mortgagor shall:

(a) substitute and install as part of the Mortgaged Property having equal or greater value (but not necessarily the same function) in the operation of the Mortgaged Property, which such substituted property shall be free from all liens and encumbrances (other than Permitted Encumbrances) and shall become part of the Mortgaged Property; or

(b) in the case of removal of property without substitution, promptly pays to the Mortgagee for application as provided in Section 6.1 of the Agreement an amount equal to (i) if the removed property is sold or scrapped, the proceeds of such sale or the scrap value thereof, (ii) if the removed property is used as a trade-in for property not to be installed as part of the Mortgaged Property, the trade-in credit received by the Mortgagor, or (iii) in the case of the retention of such removed property by the Mortgagor for other purposes, the fair market value of such property, as determined by an Engineer.

The Mortgagor shall promptly report to the Mortgagee each such removal, substitution, sale or other disposition pursuant to the preceding subsection (b) thereof and shall pay to the Mortgagee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid to the Mortgagee promptly after the sale, trade-in or other disposition requiring such payment; provided, however, that no such report and payment need be made until the amount to be paid to the Mortgagee on account of all such sales, trade-ins or other dispositions not previously reported aggregates at least \$10,000. The Mortgagee shall apply such moneys to the payment of principal installments on the Project Bond pursuant to Section 6.1 of the Agreement.

Section 4.5. Indemnification. The Mortgagor will protect, indemnify and save harmless the Mortgagee from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses except as

may be limited by law or judicial order or decision entered in any action brought to recover moneys under this Section), except those resulting from the gross negligence or willful misconduct of Mortgagee, imposed upon, incurred by or asserted against the Mortgagee by reason of (a) ownership of any interest in the Mortgaged Property or any part thereof, (b) any accident, injury to or death of persons or loss of or damage to property occurring on or about the Mortgaged Property or any part thereof, (c) any use, disuse or condition of the Mortgaged Property or any part thereof, (d) any failure on the part of the Mortgagor to perform or comply with any of the terms hereof, (e) any necessity to defend any of the rights, title or interest conveyed by this Mortgage, or (f) the performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property or any part thereof. In case any action, suit or proceeding is brought against the Mortgagee for any such reason, the Mortgagor, upon the request of the Mortgagee, will at the Mortgagor's expense, cause such action, suit or proceeding to be resisted and defended by Independent Counsel designated by the Mortgagor and approved by the Mortgagee. Any amounts payable to the Mortgagee under this Section which are not paid within ten days after written demand therefor shall bear interest at the Interest Rate for Advances from the date of such demand, and such amounts, together with such interest, shall be indebtedness secured by this Mortgage. The obligations of the Mortgagor under this Section shall survive any defeasance of the Mortgage.

(End of Article IV)

ARTICLE V

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 5.1. Damage to or Destruction of Project Facilities. In case of any damage to or destruction of the Project Facilities or any part thereof, the Mortgagor will promptly give or cause to be given written notice thereof to the Mortgagee generally describing the nature and extent of such damage or destruction. Unless the Mortgagor exercises its option to direct prepayment of the entire unpaid principal balance of the Project Bond pursuant to Section 6.1 of the Agreement, the Mortgagor shall, whether or not the Net Proceeds of insurance, if any, received on account of such damage or destruction shall be sufficient for such purpose, promptly commence and complete, or cause to be commenced and completed, the repair or restoration of the Project Facilities as nearly as practicable to the value, condition and character thereof existing immediately prior to such damage or destruction, with such changes or alterations, however, as the Mortgagor may deem necessary for proper operation of the Mortgaged Property.

Section 5.2. Use of Insurance Proceeds. In connection with the repair or restoration of the Project Facilities pursuant to Section 5.1 hereof, Net Proceeds of Required Property Insurance Coverage not in excess of \$50,000 shall be paid to the Mortgagor for application of as much as may be necessary for such repair and restoration.

Prior to the Completion Date, if such Net Proceeds exceed \$50,000, they shall, upon not less than five days' written notice to the Escrow Agent, be paid to and held by the Escrow Agent in a separate account to be held in trust by the Escrow Agent (the "Insurance Account") and for application of as much as may be necessary of such Net Proceeds for the payment of the costs of repair, rebuilding or restoration, either on completion thereof or as the work progresses. The Escrow Agent may, and upon request of the Authorized Holder Representative (as defined in the Agreement) shall, prior to making payment from such loss account, require the Mortgagor to provide evidence that, or deposit with the Escrow Agent moneys to be placed in such account so that, there will be adequate moneys available for such repair and restoration. Any balance of the Net Proceeds held by the Escrow Agent remaining after payment of all costs of such repair, rebuilding or restoration shall promptly be paid to the Mortgagee and applied to payment of principal installments on the Project Bond pursuant to Section 6.1 of the Agreement.

On or after the Completion Date, if such Net Proceeds exceed \$50,000, they shall be paid to and held by the Mortgagee in a separate account to be held in trust by the Mortgagee (the "Mortgagee Insurance Account") and for application of as much as may be necessary of such Net Proceeds for the payment of the costs of repair, rebuilding or restoration, either on completion thereof or as the work progresses, as directed by the Mortgagor. Any balance of the Net Proceeds held by the Mortgagee remaining after payment of all costs of such repair, rebuilding or restoration shall be applied by the Mortgagee to payment of principal installments on the Project Bond pursuant to Section 6.1 of the Agreement.

Notwithstanding anything to the contrary in this Section 5.2, but subject to the last paragraph of this Section 5.2, if an Event of Default hereunder has occurred and is continuing at the time any Net Proceeds of Required Property Insurance Coverage become available, such Net Proceeds shall be paid to the Mortgagee for deposit in the Mortgagee Insurance Account and shall be used by the Mortgagee for the prepayment of the Project Bond, provided that the Mortgagee shall not apply any such Net Proceeds to such prepayment until at least 60 days following receipt by the Mortgagor of written notice that the Project Bond has been declared due and payable immediately. Any balance of such Net Proceeds held by the Mortgagee after such prepayment shall be paid to the Mortgagee.

If, in lieu of repair or restoration, the Mortgagor has exercised its option to direct the prepayment of the Project Bond pursuant to Section 6.1 of the Agreement, an amount equal to any Net Proceeds received by the Escrow Agent or Mortgagee, as the case may be, prior to such prepayment shall (together with any investment income therefrom) be credited against the amount payable by the Mortgagor pursuant to the Agreement to effect such prepayment, after release thereof by the Escrow Agent upon the written direction signed by the Authorized Company Representative and Authorized Holder Representative in the case that the Net Proceeds are held in the Insurance Account.

Section 5.3. Eminent Domain. If title to or the temporary use of the Mortgaged Property, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under any governmental body or by any person, firm or corporation acting under governmental authority, the Mortgagor will promptly give written notice thereof to the Mortgagee describing the nature and extent of such taking.

All Net Proceeds received from any award made in such eminent domain proceedings shall, upon not less than five days' written notice to the Escrow Agent, be paid to the Escrow Agent, if received prior to the Completion Date, for deposit in a separate account to be held by the Escrow Agent (the "Condemnation Account").

All Net Proceeds received from any award made in eminent domain proceedings shall be paid to the Mortgagee, if received on or after the Completion Date but prior to the release and discharge of the Mortgage, for deposit in a separate account to be held by the Mortgagee (the "Mortgagee Condemnation Account").

Any Net Proceeds received from any award made in eminent domain proceedings pursuant to this Section 5.3 shall, if received prior to the release and discharge of this Mortgage, be applied to one or more of the following purposes:

(a) The restoration of the Project Facilities as nearly as practicable to the same condition or character thereof existing immediately prior to the exercise of the power of eminent domain with such changes or alterations, however, as the Mortgagor may deem necessary for proper operation of the Mortgaged Property;

(b) The acquisition or construction by the Mortgagor of other improvements suitable for the Mortgagor's operations on the Project Site (which improvements shall be deemed a part of the Mortgaged Property); provided, that such improvements shall be subject to no liens or encumbrances (other than Permitted Encumbrances); or

(c) The prepayment of the Project Bond, in the manner and to the extent permitted by Section 6.1 of the Agreement.

Within ninety days from the date of entry of a final order in any eminent domain proceeding, the Mortgagor shall direct the Mortgagee in writing to which purpose or combination of purposes above specified the Net Proceeds of the condemnation award (together with any investment income therefrom) shall be applied. Thereafter, if such Net Proceeds are held by the Escrow Agent in the Condemnation Account, the Mortgagor may direct the Escrow Agent to release such net Proceeds (together with any investment income therefrom) for such purpose or purposes in writing signed by the Authorized Company Representative and Authorized Holder Representative. Any balance of such Net Proceeds (together with any investment income therefrom) not required for the purpose or purposes so directed shall be applied by the Mortgagee as provided in Section 6.1 of the Agreement. If such balance is held by the Escrow Agent in the Condemnation Account, such balance shall be so applied after release by the Escrow Agent upon the written direction signed by the Authorized Company Representative and Authorized Holder Representative.

Section 5.4. Investment and Disbursement of Net Proceeds. All moneys received by the Escrow Agent constituting Net Proceeds shall, pending application, be invested at the direction of the Mortgagor (for the account of and at the risk of the Mortgagor) and shall (together with any investment income therefrom), to the extent to be used for repair, rebuilding, restoration, acquisition or construction, be disbursed, as provided in the Agreement, the Assignment, the Escrow Agreement and the Bond Legislation for the investment and disbursement of moneys in the Construction Fund.

All moneys received by the Mortgagee pursuant to Article V constituting Net Proceeds, may, pending application, be invested at the oral (confirmed in writing) or written direction of the Authorized Company Representative in either an interest bearing account and/or a certificate or certificates of deposit of the Mortgagee. Any balance of the Net Proceeds held by the Mortgagee upon the release and discharge of this Mortgage pursuant to Section 7.3 hereof, or any Net Proceeds thereafter received by the Mortgagee, shall be paid to the Mortgagor.

(End of Article V)



## ARTICLE VI

### REMEDIES

Section 6.1. Right to Perform Covenants. If the Mortgagor shall fail to make any payment or perform any act required to be made or performed hereunder (including, without limitation, the payments described in Article III hereof) or under the Agreement, the Mortgage or the Note, without demand upon the Mortgagor and without waiving or releasing any obligation or default, may (but shall be under no obligation to) upon ten days' written notice to the Mortgagor (except under emergency conditions), make such payment or perform such act for the account and at the expense of the Mortgagee and may enter upon the Mortgaged Property or any part thereof for such purpose and take all such action thereon as, in its opinion, may be necessary or appropriate therefor. All payments so made by the Mortgagee and all costs, fees and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith or in connection with the performance by the Mortgagee of any such act, together with interest thereon at the Interest Rate for Advances from the date of payment or incurrence, shall, together with such interest, be additional indebtedness secured by this Mortgage, to the extent permitted by law, shall be paid by the Mortgagor to the Mortgagee on demand. In any action brought to collect such indebtedness, or to foreclose this Mortgage, the Mortgagee shall be entitled to the recovery of such expenses in such action except as limited by law or judicial order or decision entered in such proceedings.

Section 6.2. Events of Default. Any one or more of the following events shall be an "Event of Default" under this Mortgage:

- (a) Failure by the Mortgagor to pay when due any installment of principal, interest, premium or late charges under the Note or any payment required under Section 3.1 hereof;
- (b) An Event of Default as defined in Section 7.1(a), (b), (c), (d), (f) or (g) of the Agreement;
- (c) Failure by the Mortgagor to pay Mortgagee (within 30 days of receipt of notice from the Mortgagee of the sum owing) any amounts due under Section 6.1 hereof;
- (d) Failure by the Mortgagor to observe or perform any term, covenant or agreement on Mortgagor's part to be observed or performed under this Mortgage, and continuation of such failure for thirty days after written notice thereof shall have been given to the Mortgagor by the Mortgagee, or for such longer period as the Mortgagee may agree to in writing; provided that if the failure is other than the payment of money and is of such nature that it cannot be corrected within the applicable period, such failure shall not constitute an Event of Default so long as the Mortgagor institutes curative action and diligently pursues such action to completion; and

Notwithstanding the foregoing, if, by reason of Force Majeure the Mortgagor is unable in whole or in part to perform or observe any agreement, term or condition hereof under other than its obligation to make payments required hereunder including payments for taxes and insurance, the Mortgagor shall not be deemed in default during the continuance of such inability. However, the Mortgagor shall use its best efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term "Force Majeure" shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Mortgagor.

The declaration of an Event of Default under this Section, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding such declaration or exercise during the pendency of or immediately following any bankruptcy, insolvency or reorganization proceedings.

Section 6.3. Remedies. If an Event of Default shall have occurred and be continuing, the Mortgagee, at any time, at its election, may exercise any or all or any combination of the remedies conferred upon or reserved to it under this Mortgage, the Agreement, the Note or any instrument collateral thereto, or now or hereafter existing at law, or in equity or by statute. Without limitation, the Mortgagee may (a) declare the entire unpaid principal balance of the indebtedness secured hereby immediately due and payable, without notice or demand, the same being expressly waived by the Mortgagee; (b) proceed at law or equity to collect all indebtedness secured by this Mortgage due hereunder, whether at maturity or by acceleration; (c) foreclose the lien of this Mortgage as against all or any part of the Mortgaged Property; and (d) exercise any rights, powers and remedies it may have as a secured party under the Commercial Code or other similar laws in effect including, without limitation, the option of proceeding as to both personal property and fixtures in accordance with the Mortgagee's rights with respect to real property.

Section 6.4. Waiver of Appraisalment, Valuation. The Mortgagor does hereby waive to the full extent it may lawfully do so, the benefit of all

appraisement, valuation, stay and extension laws now or hereafter in force and all rights of marshaling of assets in the event of any sale of the Mortgaged Property, any part thereof or any interest therein and any court having jurisdiction to foreclose the lien hereof may sell the Mortgaged Property in part or as an entirety.

Section 6.5. Application of Proceeds. Any moneys (including, without limitation, the proceeds of any sale of the Mortgaged Property, any part thereof or any interest therein) received by the Mortgagee pursuant to the exercise of any remedies provided in this Mortgage or by law shall be applied as follows:

- First: the payment of all costs incurred in the collection thereof (including, without limitation, reasonable attorneys' fees and expenses except as may have been limited by law or by judicial order or decision entered in any action to foreclose this Mortgage);
- Second: the payment of indebtedness secured by this Mortgage owing to the Mortgagee, other than indebtedness with respect to the Note at the time outstanding;
- Third: the payment to the Mortgagee for the payment of all amounts of principal and interest and premium if any at the time due and payable on the Note (whether due at maturity or as an installment of principal or interest or by prepayment or acceleration or otherwise);
- Fourth: the balance, if any, unless a court of competent jurisdiction may otherwise direct by final order not subject to appeal, to or at the direction of the Mortgagor.

Section 6.6. Appointment of Receiver. If an Event of Default shall have occurred and be continuing, the Mortgagee shall, as a matter of right and to the extent permitted by applicable law and without regard to the adequacy of the Mortgaged Property as security, be entitled to the appointment of a receiver for all or any part of the Mortgaged Property, whether such receivership is incidental to a proposed sale of the Mortgaged Property or otherwise, and the Mortgagor hereby consents to the appointment of such a receiver and covenants not to oppose any such appointment.

Section 6.7. Possession, Management and Income; Assignment. If an Event of Default shall have occurred and be continuing, the Mortgagee, to the extent permitted under applicable law, ex parte and without notice may enter upon and take possession of the Mortgaged Property or any part thereof by force, summary proceedings, ejectment or otherwise, and may remove the Mortgagor and all other persons and any and all property therefrom and may hold, operate and manage the same and receive all revenues, income or profits accruing with respect thereto or any part thereof. The Mortgagee shall be under no liability for or by reason of any such taking of possession, entry, removal or holding, operation or management.

Section 6.8. Remedies Cumulative. Each right, power and remedy of the Mortgagee, provided for in this Mortgage, in the Agreement or now or hereafter existing at law or in equity or by statute or otherwise, shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Mortgage, in the Agreement or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise or partial exercise by the Mortgagee of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by the Mortgagee of any or all such other rights, powers or remedies.

Section 6.9. Provisions Subject to Applicable Law. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law.

Section 6.10. No Waiver by Mortgagee. No failure by the Mortgagee to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term or of any such breach. No waiver of any breach shall affect or alter this Mortgage, which shall continue in full force and effect with respect to any other then existing or subsequent breach.

Section 6.11. Discontinuance of Proceedings and Restoration of Status Quo. In case the Mortgagee shall have proceeded to enforce any right, power or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Mortgagee, then and in every case the Mortgagor and the Mortgagee shall be restored to their former positions and rights hereunder, and all rights, power and remedies of the Mortgagee shall continue as if no such proceeding had been taken.

(End of Article VI)

## ARTICLE VII

### MISCELLANEOUS

Section 7.1. Additional Security. Without notice to or consent of the Mortgagor and without impairment of the lien and rights created by this Mortgage, the Mortgagee may accept from the Mortgagor or from any other person or persons, additional security for the indebtedness secured by this Mortgage. Neither the giving of this Mortgage nor the acceptance of any such additional security shall prevent the Mortgagee from resorting, first, to such additional security, or first, to the security created by this Mortgage, in either case without affecting the lien hereof and the rights conferred hereunder.

Section 7.2. Release and Discharge. If all of the Bond service charges on the Project Bond shall have been paid and all other sums payable under this Mortgage, the Note, the Escrow Agreement and the Agreement by the Mortgagor shall have been paid and the Mortgagor shall have complied with all the terms, conditions and requirements hereof and of the Agreement, then this Mortgage shall be null and void and of no further force and effect. Upon the written request and at the expense of the Mortgagor, the Mortgagee will execute and deliver such proper instruments of release and discharge as may reasonably be requested to evidence such defeasance, release and discharge.

Section 7.3. Inspection. The Mortgagee and its representatives are hereby authorized to enter upon and inspect the Mortgaged Property at any time during normal business hours during the term of this Mortgage upon one day advance written notice to the Mortgagor.

Section 7.4. Expenses. The Mortgagor will, to the extent permitted by law, immediately upon demand pay or reimburse the Mortgagee for all attorneys' fees, costs and expenses incurred by the Mortgagee in any proceedings involving the estate of a decedent, an insolvent or a debtor under federal bankruptcy law, or in any action, proceeding or dispute of any kind in which the Mortgagee is made a party, or appears as an intervener or party plaintiff or defendant, affecting or relating to the Note, this Mortgage, the Escrow Agreement or the Agreement, the Mortgagor or any of the Mortgaged Property, including, but not limited to, the foreclosure of this Mortgage, any condemnation action involving the Mortgaged Property, or any action to protect the security hereof, and any such amounts paid by the Mortgagee shall, except as may be limited by law or judicial order or decision entered in any action to foreclose this Mortgage, be added to the indebtedness secured hereby and secured by the lien and security interest of this Mortgage and shall bear interest at the Interest Rate for Advances. The Mortgagor will not be required, however, to pay or reimburse the Mortgagee for any such attorneys' fees, costs and expenses in any action between Mortgagor and Mortgagee in which Mortgagor prevails.

Section 7.5. Books, Records and Accounts. The Mortgagor will keep and maintain or will cause to be kept and maintained proper and accurate books, records and accounts reflecting all items of income and expense in connection with the operation of the Mortgaged Property or in connection with any services, equipment or furnishings provided in connection with the operation of the Mortgaged Property, whether such income or expenses be realized by

the Mortgagor or by any other person or entity whatsoever excepting sublessors unrelated to and unaffiliated with the Mortgagor and who leased from the Mortgagor portions of the Mortgaged Property for the purposes of occupying same. The Mortgagee and its designee shall have the right from time to time at all times during normal business hours to examine such books, records and accounts at the office of the Mortgagor or other person or entity maintaining such books, records and accounts and to make copies or extracts thereof as the Mortgagee shall desire.

Section 7.6. Estoppel Affidavits. The Mortgagor, within 10 days after written request from the Mortgagee, shall furnish a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on the indebtedness secured hereby and whether or not any offsets or defenses exist against such principal and interest.

Section 7.7. Subrogation. The Mortgagee shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid with the proceeds of the indebtedness secured hereby.

Section 7.8. No Merger. It being the desire and intention of the parties hereto that the Mortgage and the lien thereof do not merge in fee simple title to the Mortgaged Property, it is hereby understood and agreed that should the Mortgagee acquire any additional or other interests in or to the Mortgaged Property or the ownership thereof, then, unless a contrary interest is manifested by the Mortgagee as evidenced by an appropriate document duly recorded, this Mortgage and the lien thereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

Section 7.9. General Provisions. This Mortgage shall be deemed to be made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State and shall inure to the benefit of and be binding upon the Mortgagor, the Mortgagee and their respective permitted successors and assigns. If any term or provision of this Mortgage shall be held to be invalid, illegal or unenforceable, the validity of the remaining provisions hereof shall in no way be affected thereby. The captions or headings herein shall be solely for convenience of reference and in no way define, limit or describe the scope or intent of any provisions or sections of this Mortgage. This Mortgage may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument; it shall not be necessary in proving this Mortgage to produce or account for more than one such counterpart.

Section 7.10. Amendments, Changes and Modifications. Except as otherwise provided in this Mortgage, this Mortgage may not be effectively amended, changed, modified, altered or terminated without the prior written consent of the Mortgagee.

Section 7.11. Delivery and Assignment of Leases. The Lease of the Mortgaged Property and any other lease or grant of use of the Mortgaged Property permitted under Section 5.2 of the Agreement shall be subject and subordinate to this Mortgage. The Mortgagor shall, concurrently with the execution and delivery of this Mortgage with respect to the Lease and as to any such



permitted lease or grant, execute and deliver to the Mortgagee a collateral assignment of its interest as lessor in all such leases, including the Lease, in form and substance satisfactory to the Mortgagee, pursuant to which the Mortgagor assigns its interest in all such leases, including the Lease (the "Leases"), and to the rents and profits thereunder, as additional collateral for the indebtedness hereby secured.

The Mortgagor will perform, fulfill, comply with and observe, each and every covenant, agreement and condition to be performed, fulfilled, complied with and observed by the Mortgagor, as lessor under the Leases, and will not suffer or permit any default of the Mortgagor as lessor thereunder, to occur (except defaults which are duly cured within the time provided in the Leases for the curing thereof).

The Mortgagor will not convey all or any part of the Mortgaged Property covered by the Leases to the lessees thereof without the prior written consent of the Mortgagee and except upon express stipulation duly set forth in the deed that any such conveyance shall not effect a merger of the leasehold estate in the fee except with the written consent of the Mortgagee.

The Mortgagor shall not, and shall not have the right or power to, as against the Mortgagee without its consent, cancel, terminate, abridge or materially modify the Leases or to accept prepayments of installments of rent or other sums due or to become due thereunder.

(End of Article VII)

IN WITNESS WHEREOF, the Mortgagor has executed this Mortgage as of February 1, 1982.

Signed and acknowledged  
in the presence of:

TGIF-Fort Wayne, a Texas limited  
partnership by TGI Friday's Inc.,  
a general partner

By \_\_\_\_\_

(Title)

\_\_\_\_\_  
Witnesses as to TGIF-Fort Wayne

STATE OF                    )  
                              ) SS:  
COUNTY OF                 )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1982, before me, a Notary Public in and for said County and State, personally appeared TGIF-Fort Wayne, a Texas limited partnership, by TGI Friday's Inc., a general partner of TGIF-Fort Wayne, by \_\_\_\_\_, its \_\_\_\_\_, who acknowledges that he did sign the foregoing instrument and that the same is the free act and deed of TGIF-Fort Wayne and TGI Friday's Inc. and his free act and deed personally and as \_\_\_\_\_ of TGI Friday's Inc.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

(SEAL)

\_\_\_\_\_  
Notary Public

This Instrument prepared by: Joseph A. Morrissey  
Squire, Sanders & Dempsey  
Cleveland, Ohio

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LOAN AGREEMENT

between

CITY OF FORT WAYNE, INDIANA

and

TGIF-FORT WAYNE

---

\$2,000,000 City of Fort Wayne, Indiana  
Economic Development Revenue Bond (TGIF-Fort Wayne Project)  
(TGI Friday's Inc. - Lessee)

---

Dated

as of

February 1, 1982

---

Squire, Sanders & Dempsey  
Bond Counsel

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(The Index is not a part of this Agreement  
and is only for convenience of reference.)

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## LOAN AGREEMENT

THIS LOAN AGREEMENT made and entered into as of February 1, 1982 between the City of Fort Wayne, Indiana (the "Issuer"), a municipal corporation and political subdivision duly organized and validly existing under the laws of the State of Indiana, and TGIF-Fort Wayne (the "Company"), a limited partnership formed and existing under the laws of the State of Texas and registered to do business in the State under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals being used therein as defined in Article I hereof):

A. Pursuant to the Act, the Issuer has determined to issue, sell and deliver its Project Bond and to loan the proceeds derived from the sale thereof to the Company to assist in the financing of the Project to be acquired, constructed and owned by the Company.

B. The Company and the Issuer each have full right and lawful authority to enter into this Loan Agreement and to perform and observe the provisions hereof on their respective parts to be performed and observed.

NOW THEREFORE, in consideration of the premises and the mutual representations and agreements hereinafter contained, the parties hereto agree as follows (provided that any obligation of the Issuer created by or arising out of this Loan Agreement shall never constitute a general obligation of the Issuer nor give rise to any pecuniary liability of the Issuer or be payable in any manner from revenues raised by taxation but shall be payable solely out of the Revenues):

ARTICLE I

DEFINITIONS

Section 1.1. Use of Defined Terms. In addition to the words and terms elsewhere defined in this Agreement or by reference to the Bond Legislation or the Mortgage the words and terms set forth in Section 1.2 hereof shall have the meanings therein set forth unless the context or use expressly indicates different meaning or intent. Such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms therein defined.

Section 1.2. Definitions. As used herein:

"Act" means Sections 36-7-12-1 to 36-7-12-37 of the Indiana Code.

"Additional Payments" means the amounts required to be paid by the Company pursuant to the provisions of Section 4.2 hereof.

"Agreement" means this Loan Agreement as from time to time amended or supplemented.

"Assignment" means the Assignment of Loan Agreement and Revenues, of even date herewith, from the Issuer to the Original Purchaser as from time to time amended or supplemented.

"Authorized Company Representative" means the person at the time designated to act on behalf of the Company by written certificate furnished to the Issuer, the Holder and the Escrow Agent, containing the specimen signature of such person and signed on behalf of the Company by its general partner, TGI Friday's Inc. Such certificate may designate an alternate or alternates.

"Authorized Holder Representative" means the person at the time designated to act on behalf of the Holder for the purposes set forth herein by written certificate furnished to the Company and the Escrow Agent, containing the specimen signature of such person and signed on behalf of the Holder by an authorized officer thereof. Such certificate may designate an alternate or alternates.

"Bond Legislation" means the legislation adopted by the Legislative Authority authorizing the Project Bond as from time to time lawfully amended or supplemented.

"Bond service charges" means, for any time period, the principal of, and late charges, if any, and interest on, the Project Bond for such time period.

"Code" means the Internal Revenue Code of 1954 as amended and references to the Code and Sections of the Code shall include relevant regulations and proposed regulations thereunder and any successor provisions to such Sections, regulations or proposed regulations.

"Completion Date" means the date of completion of the Project to be furnished by the Company pursuant to Section 3.6 hereof.

"Construction Fund" means the Construction Fund created by the Bond Legislation.

"Construction Period" means the period between the beginning of the acquisition, construction, equipping and improving the Project or the date on which the Project Bond is delivered to the Holder, whichever is earlier, and the Completion Date.

"Eligible Investments" means Eligible Investments as defined in the Bond Legislation.

"Escrow Agent" means \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, as Escrow Agent under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement for the escrowing of the Construction Fund, dated as of February 1, 1982, among the Escrow Agent, the Issuer, the Company and the Holder.

"Event of Default" means any of the events described as an event of default in Section 7.1 hereof.

"Force Majeure" means any of the causes, circumstances or events described as constituting Force Majeure in Section 7.1. hereof.

"Holder" means the Original Purchaser, as the initial holder of the Project Bond or, in the event of transfer thereof as permitted by its terms, any subsequent holder of the Project Bond.

"Interest Rate for Advances" means, to the extent lawfully chargeable, the rate per annum which is one and one-half percentage points in excess of the "Prime Rate" of The Valley National Bank of Arizona, which is that interest rate per annum announced from time to time by The Valley National Bank of Arizona as its prime rate.

"Lease" means, collectively, the Lease dated as of February 1, 1982 and the Equipment Lease dated as of February 1, 1982, both between the Company and the Lessee, as from time to time amended or supplemented.

"Legislative Authority" means the Common Council of the Issuer.

"Lessee" means TGI Friday's Inc., a corporation duly organized and validly existing under the laws of the State of New York and qualified to do business in the State, and its lawful successors and assigns.

"Loan" means the loan by the Issuer to the Company of the proceeds received from the sale of the Project Bond.

"Loan Payments" means the amounts required to be paid by the Company pursuant to the provisions of Section 4.1 hereof.

"Mortgage" means the Mortgage and Security Agreement, of even date herewith, executed and delivered by the Company to the Original Purchaser, concurrently with the delivery of this Agreement and the Note, as from time to time amended or supplemented.

"Note" means the promissory note, in the form attached hereto as Exhibit A, evidencing the obligation of the Company to make Loan Payments and delivered to the Original Purchaser concurrently with the delivery of this Agreement.

"Notice Address" means:

- (a) As to the Issuer: City of Fort Wayne  
One Main Street  
Fort Wayne, Indiana 46802  
Attention: Mayor
- (b) As to the Company: TGIF-Fort Wayne  
14665 Midway Road  
P.O. Box 400329  
Dallas, Texas 75240  
Attention: General Counsel
- (c) As to the Holder: The Valley National Bank of Arizona  
P.O. Box 71  
Phoenix, Arizona 85001  
Attention: Commercial Banking Department
- (d) As to the Guarantor: TGI Friday's Inc.  
14665 Midway Road  
P.O. Box 400329  
Dallas, Texas 75240  
Attention: General Counsel

or such different address notice of which is given under Section 8.2 hereof.

"Original Purchaser" means The Valley National Bank of Arizona, Phoenix, Arizona.

"Person" or words importing persons mean and include firms, associations, partnerships (including limited partnerships), societies, trusts (public or private), corporations or other legal entities including public or governmental bodies, as well as natural persons.

"Plans and Specifications" means the diagrams and descriptions describing the Project Facilities as now prepared and as such may be changed from time to time as herein provided.

"Project" means the Project Site and the Project Facilities, together constituting "economic development facilities" as defined in the Act.

"Project Bond" means the \$2,000,000 City of Fort Wayne, Indiana, Economic Development Revenue Bond (TGIF-Fort Wayne Project) (TGI Friday's Inc. - Lessee) of even date herewith issued by the Issuer pursuant to the Bond Legislation.

"Project Costs" means the costs of the Project specified in Section 3.4 hereof.

"Project Facilities" means the facilities described in Exhibit B hereto (and more particularly described in the Plans and Specifications), together with any additions, modifications and substitutions to such facilities.

"Project Purposes" means acquiring, constructing, equipping or improving real and personal property comprising economic development facilities to be leased to TGI Friday's Inc. for use as a restaurant and bar, or such use as may result from a change in the Plans and Specifications authorized by Section 3.2 of this Agreement or as may otherwise be permitted by this Agreement.

"Project Site" means the real estate described in Exhibit C hereto, and any additions thereto, less any removals therefrom, made in the manner and to the extent provided in the Mortgage .

"Revenues" means (a) the Loan Payments, (b) all other moneys received or to be received by the Issuer, or the Holder for the account of the Issuer, in respect of repayment of the Loan, (c) unexpended moneys in the Construction Fund or unexpended moneys in any separate deposit account held by the Holder pursuant to the Mortgage, and (d) all income and profit from the investment of the Loan Payments and such other moneys.

"State" means the State of Indiana.

"Unassigned Issuer's Rights" means all the rights of the Issuer hereunder to receive Additional Payments under Section 4.2 hereof, to be held harmless and indemnified under Section 5.5 hereof, to be reimbursed for reasonable attorneys fees and expenses under Section 7.4 hereof and, as necessary, to execute amendments to this Agreement.

Section 1.3. Certain Words and References. Any reference herein to the Issuer, to the Legislative Authority or to any officer of either shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions. Any reference to a section or provision of the Constitution of the State or to the Act or to a section, provision or chapter of the Indiana Code shall include such section, provision or chapter as from time to time amended, modified, revised, supplemented or superseded; provided, that no such change in said Constitution or State laws shall be applicable solely by reason of this provision if such change shall in any way constitute an impairment of the rights or obligations of the Issuer, the Holder or the Company under this Agreement.

The terms "hereof", "hereby", "herein", "hereto", "hereunder" and similar terms refer to this Agreement; and the term "hereafter" means after,

and the term "heretofore" means before, the date of delivery of the Project Bond. Words of the masculine gender include the feminine and the neuter, and when the sense so indicates, words of the neuter gender may refer to any gender.

(End of Article I)

ARTICLE II  
REPRESENTATIONS

Section 2.1. Representations of the Issuer. The Issuer represents that: (a) it is duly organized and validly existing under the laws of the State; (b) it has duly accomplished all conditions necessary to be accomplished by it prior to the issuance and delivery of the Project Bond and the execution and delivery of this Agreement, the Assignment and the Escrow Agreement; (c) it is not in violation of or in conflict with any provisions of the laws of the State which would impair its ability to carry out its obligations contained in this Agreement, the Assignment or the Escrow Agreement; (d) it is empowered to enter into the transactions contemplated by this Agreement, the Assignment and the Escrow Agreement; (e) it has duly authorized the execution, delivery and performance of this Agreement, the Assignment and the Escrow Agreement; and (f) it will do all things in its power in order to maintain its existence or assure the assumption of its obligations under the Agreement, the Note, the Assignment and the Escrow Agreement by any successor public body.

Section 2.2. Representations of the Company. The Company represents that:

(a) It is a limited partnership formed and existing under the laws of the State of Texas and registered to do business in the State.

(b) It has full power and authority to execute, deliver and perform this Agreement, the Escrow Agreement, the Note and the Mortgage and to enter into and carry out the transactions contemplated by such documents. Such execution, delivery and performance do not, and will not, violate any provision of law applicable to the Company or the Company's Certificate of Limited Partnership and do not, and will not, conflict with or result in a default under any agreement or instrument to which the Company is a party or by which it is bound. This Agreement, the Mortgage, the Escrow Agreement and the Note have, by proper action, been duly authorized, executed and delivered by the Company and all steps necessary have been taken to constitute this Agreement, the Mortgage, the Escrow Agreement and the Note valid and binding obligations of the Company.

(c) The acquisition and construction (within the meaning of Section 103(b) of the Code) of the Project was not commenced prior to the adoption of the resolution of the Issuer on \_\_\_\_\_, 1981 with respect to the Project.

(d) The provisions of this Agreement, the Loan and the commitments therefor made by the Issuer (i) have induced the Company to locate within the boundaries of the Issuer that business of the Company to be conducted by use



of the Project and (ii) such business will create additional jobs and employment opportunities within the boundaries of the Issuer.

(e) The Project will be completed in accordance with the Plans and Specifications and the Project will be operated and maintained in such manner to conform with all applicable zoning, planning, building, environmental and other applicable governmental regulations to be consistent with the Act.

(f) It presently intends to use or operate the Project in a manner consistent with the Project Purposes until the date on which the Project Bond has been fully paid and knows of no reason why the Project will not be so operated. If, in the future, there is a cessation of such operation it will use its best efforts to resume such operation or accomplish an alternate use by the Company or others which will be consistent with the Act.

(g) Substantially all (within the meaning of Section 103(b) of the Code) of the proceeds of the Project Bond will be so used to provide land or property of a character subject to the allowance for depreciation under Section 167 of the Code, and it will not request or authorize any disbursement pursuant to Section 3.4 hereof, which, if paid, would result in less than substantially all of the proceeds of the Project Bond being so used. None of the proceeds of the Project Bond will be used to provide working capital.

Section 2.3. Actions Under Section 103(b)(6)(D) of the Code. The Company acknowledges that the Issuer is issuing the Project Bond pursuant to an election made by it, at the Company's request, under Section 103(b)(6)(D) of the Code. In connection with such election the Company represents and covenants that:

(a) There have never been issued any obligations with respect to "facilities" described in Section 103(b)(6) of the Code (i) which are to be or have been used by the Company or any other "principal user" of the Project or any "related person" to either the Company or such other "principal user", as said terms are used and defined in Sections 103(b)(6)(B) and 103(b)(6)(C) of the Code, respectively, and which are located within the boundaries of City of Fort Wayne, Indiana, all as described in the definition of "facilities" in Section 103(b)(6)(E) of the Code (the "Facilities"), and (ii) which obligations would be taken into account in determining the aggregate face amount of the Project Bond as provided in Section 103(b)(6)(D)(ii) of the Code .

(b) The principal amount of the Project Bond and capital expenditures heretofore made (other than those mentioned in Section 103(b)(6)(F) of the Code) with respect to Facilities have not exceeded and will not exceed \$10,000,000 (or any such larger amount as may be permitted by the Code) during the six-year period beginning three years before the date of delivery of the Project Bond to the Original Purchaser and ending three years after such date.

(c) During the three-year period following the date of the delivery of the Project Bond to the Original Purchaser, the Company does not intend to make, cause or permit to be made any capital expenditures (other than those mentioned in said Section 103(b)(6)(F) of the Code) with respect to Facilities which would cause the interest on the Project Bond to be subject to federal income taxation.

(d) (i) It will attach a copy of the Issuer's statement of election to the Company's income tax return for the taxable year during which the election is made in accordance with Treasury Regulations Section 1.103-10 (b)(2)(vi)(a); (ii) on March 1, 1983, and on the first day of each March thereafter to and including March 1, 1985, it will furnish to the Holder a certificate of its general partner stating that during the period beginning three years prior to the date of the issuance and delivery of the Project Bond to the Original Purchaser and extending through the date such certificate is due (or in the case of the certificate which is due on March 1, 1985, extending through the third anniversary of the date of delivery of the Project Bond to the Original Purchaser) capital expenditures (including as capital expenditures for this purpose the original principal amount of the Project Bond) in excess of \$10,000,000 (or any such larger amount as may be hereafter permitted by the Code) have not been paid or incurred with respect to Facilities and (iii) in connection with the filing of its federal income tax returns for the taxable years 1982, 1983, 1984 and 1985 it will file or cause to be filed, and furnish to the Holder copies of, the supplemental statements required to be filed pursuant to Treasury Regulations §1.103-10(b)(2)(vi)(c).

(End of Article II)

ARTICLE III

COMPLETION OF THE PROJECT;  
ISSUANCE OF THE PROJECT BOND

Section 3.1. Acquisition, Construction and Equipping. The Company (a) has acquired the Project Site and shall construct, equip and improve the Project Facilities on the Project Site with reasonable dispatch and in accordance with the Plans and Specifications, (b) shall pay when due all fees, costs and expenses incurred in such acquisition, construction and installation from funds made available therefor in accordance with this Agreement or otherwise provided that the Company may, at its expense, by any appropriate proceedings diligently prosecuted, contest in good faith any such fee, cost and expense and postpone payment thereof pending the resolution or settlement of such contest provided that such postponement does not materially affect the lien or security interests created by the Mortgage as to any part of the Mortgaged Property (as defined in the Mortgage) or subject the Mortgaged Property, or any part thereof, to imminent loss or forfeiture, (c) shall ask, demand, sue for, levy, recover and receive all such sums of money, debts, and other demands whatsoever which may be due, owing and payable under the terms of any contract, order, receipt, writing and instruction in connection with the acquisition, construction and installation of the Project, and enforce the provisions of any contract, agreement, obligation, bond or other performance security with respect thereto.

Section 3.2. Plans and Specifications. The Plans and Specifications have been filed with the Issuer. The Company may revise the Plans and Specifications from time to time, provided that no revision shall be made which would change the Project Purposes to other than purposes permitted by the Act and provided that no material structural revision shall be made without the prior written consent of the Holder.

Section 3.3. Issuance of the Project Bond; Application of Proceeds. To provide funds to make the Loan for purposes of paying the Project Costs, the Issuer will issue, sell and deliver the Project Bond to the Original Purchaser. The Project Bond will be issued pursuant to the Bond Legislation and will be in the principal amount, bear interest, will mature and will be subject to prepayment as therein set forth. The Company hereby acknowledges its approval of the terms and conditions of the Bond Legislation and the Project Bond, and of the terms and conditions under which the Project Bond will be issued, sold and delivered.

The proceeds from the sale of the Project Bond shall be deposited in the Construction Fund. Pending disbursement pursuant to Section 3.4 hereof, the proceeds so deposited in the Construction Fund, together with any investment earnings thereon, shall constitute a part of the Revenues pledged and assigned by the Issuer to the payment of Bond service charges.

Section 3.4. Disbursements from the Construction Fund. Disbursements from the Construction Fund shall be made only to reimburse or pay the Company or any person designated by the Company for the following Project Costs:

(a) Costs incurred directly or indirectly for or in connection with the acquisition, construction, improvement or equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services, materials; and recording of documents and title work.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the Construction Period with respect to the Project Site and the Project Facilities.

(c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the Construction Period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project Facilities.

(e) Financial, legal, accounting, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Project Bond.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, construction or equipping of the Project.

(g) Payment of interest on the Project Bond during the Construction Period.

Any disbursements from the Construction Fund for the payment of Project Costs shall be made by the Escrow Agent pursuant to the Escrow Agreement only upon the written order of the Authorized Company Representative approved by the Authorized Holder Representative and only if there is no Event of Default existing hereunder. Each such written order shall be in substantially the form of the disbursement request attached hereto as Exhibit D and shall be consecutively numbered and accompanied by invoices or other appropriate documentation supporting the payments or reimbursements requested. The Authorized Company Representative shall also provide the Escrow Agent with either appropriate mechanics' lien affidavits or waivers from the general contractor under each such written order or with evidence or documentation satisfactory to the Escrow Agent that provision against the filing of any mechanics' or similar liens with respect to the payment being made has been taken by the Company by deposit or bonding. In case any contract provides for the retention by the Company of a portion of the contract price, there shall be paid from the Construction Fund only the net amount remaining after deduction of any such portion, and only when such retained amount is due and payable, may it be paid from the Construction Fund.

If a Request for Disbursement includes a request to pay Project Costs in connection with the acquisition or installation of Project Facilities, the Company shall be entitled to receive in respect of such Project Costs an amount equal to ninety percent (90%) of the "Contract Sum to Date" as set forth on the Form AIA-G702 (which shall, together with Form AIA-G703, comprise a part of any such Request for Disbursement), less amounts theretofore advanced; subject, however, to written waiver by the Holder of such retainage in any such case.

Any moneys in the Construction Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs, shall promptly at the direction of the Authorized Company Representative with the written approval of the Authorized Holder Representative (which approval shall not be unreasonably withheld), and to the extent not needed to pay costs set forth in Section 3.6(e) hereof, be (i) used to acquire, construct, equip and improve such additional real or personal property in connection with the Project as is designated by the Authorized Company Representative and the acquisition, construction, installation and equipping of which will be such as is permitted under the Act, or (ii) applied to the prepayment of the Project Bond but, in all such cases, only to the extent that such use or application will not, in the opinion of nationally recognized bond counsel or under ruling of the Internal Revenue Service, adversely affect the exclusion of the interest from gross income of the Holder for federal income tax purposes. Amounts approved by the Authorized Company Representative shall be retained by the Escrow Agent in the Construction Fund for payment of such costs not then due and payable, as certified pursuant to Section 3.6 hereof, and any balance remaining of such retained funds after full payment of all such costs shall be used as directed by the Authorized Company Representative in the manner specified above in this paragraph.

Section 3.5. Company Required to Pay Costs in Event Construction Fund Insufficient. In the event that moneys in the Construction Fund are not sufficient to pay all Project Costs, the Company will, nonetheless, complete the acquisition, construction, installation and equipping of the Project in accordance with the Plans and Specifications and shall pay all such additional Project Costs from its own funds. The Company shall not be entitled to any reimbursement for any such additional Project Costs from the Issuer or the Holder; nor shall it be entitled to any abatement, diminution or postponement of the Loan Payments.

Section 3.6. Completion Date. The Completion Date of the Project shall be evidenced to the Issuer and the Holder by a certificate signed by the Authorized Company Representative stating (a) the date on which the Project Facilities were substantially completed, (b) that all other facilities necessary in connection with the Project have been acquired, constructed, equipped and improved, (c) that the acquisition, construction, equipping and improving of the Project Facilities and such other facilities have been accomplished in such a manner as to conform with all applicable zoning, planning, building, environmental and other similar governmental regulations, (d) that all costs of such acquisition, construction, equipping and improving then and theretofore due and payable have been paid and (e) the amounts which the Escrow Agent shall retain in the Construction Fund for the payments of Project Costs not yet due or for liabilities for which the Company is contesting or which otherwise should be retained and the reasons such amounts should be retained. Such

certificate may state that it is given without prejudice to any rights against third parties which then exist or may subsequently come into being.

Section 3.7. Investment of Construction Fund Moneys. Any moneys held as part of the Construction Fund shall, at the oral or written request of the Authorized Company Representative, be invested or reinvested by the Escrow Agent in Eligible Investments. Such investments and the income shall be at the risk and for the account of the Company. The Issuer and the Company each hereby covenants that it will restrict such investment and reinvestment and the use of the proceeds of the Project Bond in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of delivery of and payment for the Project Bond, so that the Project Bond will not constitute arbitrage bonds under Section 103(c) of the Code and the applicable regulations under that Section. Any officer of the Issuer having responsibility for the issuance of the Project Bond is authorized and directed, alone or in conjunction with any other officer, employee or consultant or agent of the Issuer, or with the Company or any employee, consultant or agent of the Company, to give an appropriate certificate of the Issuer, for inclusion in the transcript of proceedings for the Project Bond, setting forth the reasonable expectations of the Issuer regarding the amount and use of the proceeds of the Project Bond and the facts, estimates and circumstances on which they are based, all as of the date of delivery and payment for the Project Bond pursuant to said Section 103(c) and regulations thereunder. The Company shall provide the Issuer with, and the Issuer's certificate may be based on, a certificate of the Company's general partner ~~setting forth the reasonable expectations of the Company, on the date of delivery of and payment for the Project Bond regarding the amount and use~~ of proceeds of the Project Bond and facts, estimates and circumstances on which they are based.

(End of Article III)

ARTICLE IV

LOAN BY ISSUER; REPAYMENT OF THE LOAN;  
LOAN PAYMENTS AND ADDITIONAL PAYMENTS

Section 4.1. Loan and Repayment; Delivery of Note and Mortgage. Upon the terms and conditions of this Agreement, the Issuer will make the Loan to the Company. In consideration of and in repayment of the Loan, the Company shall (a) execute and deliver to the Holder the Note and the Mortgage and (b) make as Loan Payments all payments required under the Note as and when due. All such Loan Payments shall be paid to the Holder for the account of the Issuer and for application to the payment of Bond service charges. If the Company fails to make any Loan Payment as and when due, the Company shall pay an additional amount equal to five per centum (5%) of said Loan Payment, which additional amount shall be considered as part of the Loan Payment for purposes of this Agreement.

Section 4.2. Additional Payments. The Company shall pay to the Issuer, as Additional Payments hereunder, any and all costs and expenses incurred or to be paid by the Issuer in connection with the issuance and delivery of the Project Bond or otherwise related to actions taken by the Issuer under this Agreement, the Assignment, the Escrow Agreement or the Bond Legislation. The Company shall also pay to the Escrow Agent, as Additional Payments hereunder, the reasonable fees and expenses incurred by the Escrow Agent in connection with the duties under the Escrow Agreement.

All such Additional Payments shall be payable to, and upon written demand therefor by, the Issuer or the Escrow Agent, as the case may be, and if not then paid, shall thereafter bear interest at the Interest Rate for Advances.

Section 4.3. Obligations Unconditional. The obligation of the Company to make Loan Payments and Additional Payments shall be absolute and unconditional, and the Company shall make such payments without abatement, diminution or deduction regardless of any cause or circumstance whatsoever including, without limitation, any defense (other than payment), set-off, recoupment or counterclaim which the Company may have or assert against the Issuer, the Holder, the Escrow Agent or any other person.

Section 4.4. Assignment of Agreement and Revenues. To secure the payment of Bond service charges, the Issuer shall, by the Assignment, assign its rights under and interest in this Agreement (except for the Unassigned Issuer's Rights) and the Revenues to the Holder. The Company hereby agrees and consents to such assignments.

(End of Article IV)



ARTICLE V

ADDITIONAL AGREEMENTS AND COVENANTS

Section 5.1. Right of Inspection. Subject to reasonable security and safety regulations and upon reasonable notice, the Issuer and the Holder, and their respective agents, shall have the right during normal business hours to inspect the Project.

Section 5.2. Lease or Grant of Use by Company. Except as may otherwise be provided in the Mortgage, the Company may also lease or grant, with the consent of the Holder, the right to occupy and use the Project, in whole or in part to others, provided that:

(a) No such grant or lease shall relieve the Company from primary liability for any of its obligations under this Agreement, the Mortgage and the Note.

(b) In connection with any such grant or lease the Company shall retain such rights and interests as will permit it to comply with its obligations with respect to the Project under this Agreement, the Mortgage and the Note.

(c) No such grant or lease shall materially impair the purposes of the Act to be accomplished by operation of the Project Facilities as herein provided.

(d) All such leases, including the Lease, as in force on the date of delivery hereof shall be subject to all terms and conditions of this Agreement, including without limitation, the provisions with respect to the maintenance and operations of the Project.

Section 5.3. Company to Maintain its Existence; Sales of Assets or Mergers. The Company shall do all things necessary to preserve and keep in full force and effect its existence, rights and franchises, except as otherwise permitted by this Section 5.3. In particular, the Company shall not (a) sell, transfer or otherwise dispose of all, or substantially all, of its assets; (b) consolidate with or merge into any other entity; or (c) permit one or more other entities to consolidate with or merge into it; provided, however, that these restrictions shall not apply to any transaction in which TGI Friday's Inc., or any affiliate of TGI Friday's Inc., is the general partner of the transferee or the surviving or resulting entity and such transferee or surviving or resulting entity, if other than the Company, by proper written instrument satisfactory to the Issuer and the Holder irrevocably and unconditionally assumes the obligations of the Company under this Agreement. In addition, the preceding restrictions shall not apply, however, to a transaction if both of the following conditions are met:

- (i) The transferee or the surviving or resulting entity has a net worth, determined in accordance with generally accepted accounting principles consistently

applied, equal to or greater than the net worth of the Company immediately prior to such consolidation, merger, sale, transfer or disposition;

- (ii) the transferee or the surviving or resulting entity, if other than the Company, by proper written instrument satisfactory to the Issuer and the Holder, irrevocably and unconditionally assumes the obligation to perform and observe the agreements and obligations of the Company under this Agreement; and
- (iii) The Holder has consented in writing to such transaction.

Section 5.4. Books and Records; Financial Statements. The Company shall keep true and proper books of records and accounts in which full and correct entries are made of all its business transactions, and shall reflect in its financial statements adequate accruals and appropriations to reserves, all in accordance with generally accepted accounting principles. The Company will deliver to the Holder a copy of its annual financial statement within 120 days following the end of each of the Company's fiscal years.

Section 5.5. Indemnification. The Company releases the Issuer from, agrees that the Issuer shall not be liable for and indemnifies the Issuer against, all liabilities, claims, costs and expenses imposed upon or asserted against the Issuer on account of: (a) any loss or damage to property or injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the construction, maintenance, operation and use of the Project; (b) any breach or default on the part of the Company in the performance of any covenant or agreement of the Company under this Agreement, the Mortgage, the Escrow Agreement or the Note, or arising from any act or failure to act by the Company, or any of its agents, contractors, servants, employees or licensees, or arising from any accident, injury or damage whatsoever caused to any person, firm or corporation occurring in or about the Project; (c) the authorization, issuance and sale of the Project Bond, and the provision of any information furnished in connection therewith concerning the Project or the Company (including, without limitation, any information furnished by the Company for inclusion in any certifications made by the Issuer under Sections 2.3 and 3.7 hereof); and (d) any such claim or action or proceeding brought with respect to the matters set forth in (a), (b) and (c) above; provided that this Section shall not apply to liabilities, claims, costs or expenses resulting from gross negligence or willful misconduct of the Issuer or any officer, employee or agent of the Issuer.

The Company agrees to indemnify the Holder for and to hold it harmless against all liabilities, claims, costs and expenses incurred without negligence or bad faith on the part of the Holder, on account of any action taken or omitted to be taken by the Holder in accordance with the terms of this Agreement, the Project Bond, the Mortgage, the Escrow Agreement, the Note and the Assignment or at the request of or with the consent of the Company, including the costs and expenses of the Holder in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under the Agreement, the Project Bond, the Mortgage, the Escrow Agreement, the Note or the Assignment.

In case any action or proceeding is brought against the Issuer or the Holder in respect of which indemnity may be sought hereunder, the applicable party shall promptly give notice of any such action or proceeding to the Company, and the Company upon such notice shall have the obligation and the right to assume the defense of the action or proceeding; provided that failure of such party to give such notice shall not relieve the Company from any of its obligations under this Section unless such failure prejudices the defense of such action or proceeding by the Company. At its own expense, an indemnified party may employ separate counsel and participate in the defense. The Company shall not be liable for any settlement without its consent.

The indemnification set forth above is intended to and shall include the indemnification of all affected officials, directors, officers and employees of the Issuer and the Holder, respectively. Such indemnification is intended to and shall be enforceable by the Issuer and Holder, respectively, to the full extent permitted by law.

Section 5.6. Company Not to Adversely Affect Tax Exempt Status of Interest. The Company hereby represents that it has not taken or omitted to take, or permitted to be taken on its behalf, and agrees that it shall not take or omit to take, or permit to be taken on its behalf, any action which, if taken or omitted, would adversely affect the excludibility from the gross income of the Holder of the interest paid on the Project Bond for federal income tax purposes, and that it shall take, or require to be taken, such acts as may from time to time be required of it under applicable law or regulation to continue such exclusion.

Section 5.7. Financial Covenants. The Company will not, unless the Holder has consented in writing, do any of the following: (a) create or incur any indebtedness for borrowed money or advances, (b) sell or lease, except in the ordinary course of business, any of its assets, (c) mortgage, pledge, grant a security interest in, or voluntarily subject to any lien any of its property except purchase money security interests in personal property purchased by the Company after the date of this Agreement, (d) guarantee, endorse or otherwise become surety for or upon the obligations of others, except endorsement of negotiable instruments for deposit or collection in the ordinary course of business or (e) make any loans or advances to any person, firm or corporation in excess of \$100,000 in the aggregate.

Section 5.8. Assignment by Company. The Company shall not assign its rights or interest in this Agreement, other than in connection with a transaction permitted under Section 5.3 hereof, without the prior written consent of the Holder.

(End of Article V)

ARTICLE VI

PREPAYMENT OF PROJECT BOND

Section 6.1. Optional Prepayment. At any time permitted under the Project Bond, the Company may deliver moneys to the Holder, in addition to any Loan Payments then due, and direct the Holder to use such moneys for the optional prepayment of the Project Bond in accordance with the applicable provisions thereof. The delivery of such moneys shall not operate to abate or postpone Loan Payments or Additional Payments otherwise becoming due or to alter or suspend any other obligations of the Company under this Agreement.

Section 6.2. Actions by Issuer. At the request of the Company or the Holder, the Issuer shall take all steps required of it under the applicable provisions of the Bond Legislation or the Project Bond to effect the prepayment of all or a portion of the Project Bond pursuant to this Article VI.

Section 6.3. Additional Payments to be Made Upon Prepayment. In connection with any prepayment of the entire unpaid principal balance of the Project Bond, the Company shall, concurrently with the delivery of moneys required to effect such prepayment, pay to, or make arrangements satisfactory to the affected parties for, the payment of all Additional Payments accruing through the date of actual prepayment of the entire unpaid principal balance of the Project Bond.

(End of Article VI)

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. Each of the following shall be an "Event of Default":

(a) The Company shall fail to pay any Loan Payment on or prior to the date on which such Loan Payment is due and payable.

(b) The Company shall fail to observe and perform any agreement, term or condition contained in this Agreement other than as required pursuant to subsection (a) above, and such failure continues for a period of thirty days after notice of such failure is given to the Company by the Issuer or the Holder, or for such longer period as the Issuer and the Holder may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it cannot be corrected within the applicable period, such failure shall not constitute an event of default so long as the Company institutes curative action within the applicable period and diligently pursues such action to completion.

(c) The Company shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or other similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver, trustee or custodian appointed for it or for the whole or any substantial part of its property.

(d) The Lessee shall default on any payment obligations contained in a revolving credit and term loan agreement dated as of June 26, 1981 by and among the Lessee, First City Bank of Dallas, The Huntington National Bank and The Valley National Bank of Arizona, or the Lessee shall default on any of the covenants contained in Sections 11(a) through 11(n) and 12(a) through 12(m) thereof, as amended from time to time, for a 5-year period after the date of issuance of the Project Bond.

(e) There shall occur an "Event of Default" as defined in Section 6.2(a), (c) or (d) of the Mortgage.

(f) There shall occur a default by the Lessee in any of its payment obligations to the Company under the Lease.

(g) There shall occur a default by the Guarantor under the Guaranty or a default by the Company under the Assignment of Rents and Leases dated as of January 1, 1982 between the Company and the Holder.

Notwithstanding the foregoing, if, by reason of Force Majeure the Company is unable to perform or observe any agreement, term or condition hereof, other than any obligation to make Loan Payments, Additional Payments or other payments required to be made hereunder, the Company shall not be deemed in default during the continuance of such inability. However, the Company shall promptly give notice to the Holder and the Issuer of the existence of an event of Force Majeure and shall use its best efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term "Force Majeure" shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; act of public enemies; orders or restraints of any kind of the government of the United States or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Company.

The declaration of an Event of Default under subsection (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding such declaration or exercise during the pendency of or immediately following any bankruptcy, insolvency or reorganization proceedings.

Section 7.2. Remedies on Default. Whenever an Event of Default shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) If acceleration of the principal amount of the Project Bond has been declared, the Holder may declare all Loan Payments to be immediately due and payable, whereupon the same shall become immediately due and payable;

(b) The Holder may exercise any or all or any combination of the remedies specified in Section 6.3 of the Mortgage;

(c) The Issuer or the Holder may have access to, inspect, examine and make copies of the books and records accounts and financial data of the Company pertaining to the Project;

(d) The Issuer or the Holder may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Agreement, the Mortgage or the Note, or to enforce the performance and observance of any other obligation or agreement of the Company under such instruments.

In addition, if an Event of Default as defined in Section 7.1(c) shall occur, all Loan Payments shall become immediately due and payable.

The provisions of this Section are subject to the further limitation that the rescission by the Holder of its declaration that the Project Bond is immediately due and payable shall also constitute an annulment of any corresponding declaration made pursuant to paragraph (a) of this Section and a waiver and rescission of the consequences of such declaration and of the event of default with respect to which such declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

Section 7.3. No Remedy Exclusive. No remedy conferred upon or reserved to the Issuer or the Holder by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, the Mortgage or the Note, or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Holder to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly provided for herein or required by law.

Section 7.4. Agreement to Pay Attorneys' Fees and Expenses. If an Event of Default shall occur and the Issuer or the Holder should incur expenses, including attorney's fees, in connection with the enforcement of this Agreement, the Mortgage or the Note or the collection of sums due thereunder, the Company shall reimburse the Issuer and the Holder, as applicable, for the expenses so incurred upon demand. If any such expenses are not so reimbursed, the amount thereof, together with interest thereon from the date of demand for payment at the Interest Rate for Advances, shall, to the extent permitted by law, constitute indebtedness secured by the Mortgage, and in any action brought to collect such indebtedness or to foreclose the Mortgage, the Holder or the Issuer, as applicable, shall be entitled to seek the recovery of such expenses in such action except as limited by law or by judicial order or decision entered in such proceedings.



Section 7.5. No Waiver. No failure by the Issuer or the Holder to insist upon the strict performance by the Company of any provision hereof shall constitute a waiver of their right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Company to observe or comply with any provision hereof.

Section 7.6. Notice of Default. The Company shall notify the Holder immediately if it becomes aware of the occurrence of any Event of Default or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default.

(End of Article VII)

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Term of Agreement. This Agreement shall be and remain in full force and effect from the date of delivery of the Project Bond to the Original Purchaser until such time as the Project Bond shall have been fully paid and all other sums payable by the Company under this Agreement, the Mortgage, the Escrow Agreement and the Note shall have been paid.

Section 8.2. Notices. All notices, certificates, requests or other communications hereunder shall be in writing and shall be deemed to be sufficiently given when mailed by registered or certified mail, postage prepaid, and addressed to the appropriate Notice Address. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Company, the Guarantor, or the Holder shall also be given to the others. The Company, the Issuer, the Guarantor, and the Holder may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 8.3. Extent of Covenants of the Issuer; No Personal Liability. All covenants, obligations and agreements of the Issuer contained in this Agreement or the Assignment shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or the Legislative Authority in other than his official capacity, and neither the members of the Legislative Authority nor any official executing the Project Bond shall be liable personally on the Project Bond or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Issuer contained in this Agreement or in the Assignment.

Section 8.4. Binding Effect. This Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon the Issuer, the Company and their respective permitted successors and assigns provided that this Agreement may not be assigned by the Company (except in connection with a sale or transfer of assets pursuant to Section 5.3 hereof) and may not be assigned by the Issuer except to the Holder pursuant to the Assignment or as may otherwise be necessary to enforce or secure payment of Bond service charges on the Project Bond.

Section 8.5. Amendments and Supplements. Except as otherwise expressly provided in this Agreement, this Agreement may not be amended or supplemented without the prior written consent of the Holder.

Section 8.6. Execution Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 8.7. Severability. If any provision of this Agreement, or any covenant, obligation or agreement contained herein is determined by a court to be invalid or unenforceable, such determination shall not affect any

other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if such invalid or unenforceable portion were not contained herein. Such invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement, shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 8.8. Captions. The captions and headings in this Agreement shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

Section 8.9. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

(End of Article VIII)

IN WITNESS WHEREOF, the Issuer and the Company have caused this Agreement to be duly executed in their respective names, all as of the date hereinbefore written.

Signed and acknowledged  
in the presence of:

City of Fort Wayne, Indiana

By: \_\_\_\_\_

\_\_\_\_\_  
Witnesses as to City of Fort Wayne,  
Indiana

Signed and acknowledged  
in the presence of:

TGIF - Fort Wayne, a Texas limited  
partnership by TGI Friday's Inc., a  
general partner

By: \_\_\_\_\_

\_\_\_\_\_  
Witnesses as to TGIF-Fort Wayne

Attest: \_\_\_\_\_

Approved as to Form By: \_\_\_\_\_  
City Attorney

STATE OF INDIANA       )  
                              ) SS:  
COUNTY OF ALLEN       )

On this \_\_\_\_ day of \_\_\_\_\_, 1982, before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_, and \_\_\_\_\_ respectively, who acknowledged their execution of the foregoing instrument as said officers of City of Fort Wayne, Indiana on behalf of said City and that the same is their voluntary act and deed as said officers on behalf of said City and the voluntary act and deed of said City.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

[Seal]

\_\_\_\_\_  
Notary Public

STATE OF                )  
                              ) SS:  
COUNTY OF             )

On this \_\_\_\_ day of \_\_\_\_\_, 1982, before me, a Notary Public in and for said County and State, personally appeared TGIF-Fort Wayne by TGI Friday's Inc., a general partner of TGIF-Fort Wayne by \_\_\_\_\_, its \_\_\_\_\_, who acknowledged that he did sign the foregoing instrument and that the same is the free act and deed of TGIF-Fort Wayne and TGI Friday's Inc. and his free act and deed personally and as \_\_\_\_\_ of TGI Friday's Inc.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

[Seal]

\_\_\_\_\_  
Notary Public

This instrument was prepared by: Joseph A. Morrissey  
Squire, Sanders & Dempsey  
Cleveland , Ohio

EXHIBIT B

PROJECT FACILITIES

EXHIBIT C

PROJECT SITE

LEGAL DESCRIPTION



EXHIBIT D

FORM OF DISBURSEMENT REQUEST

STATEMENT NO. \_\_\_\_\_ REQUESTING DISBURSEMENT OF FUNDS FROM  
CONSTRUCTION FUND PURSUANT TO SECTION 3.4 OF THE LOAN AGREEMENT  
DATED AS OF JANUARY 1, 1982 BETWEEN CITY OF FORT WAYNE, INDIANA  
AND TGIF-FORT WAYNE

Pursuant to Section 3.4 of the Loan Agreement ("Agreement") between the City of Fort Wayne, Indiana ("Issuer") and TGIF-Fort Wayne ("Company") dated as of January 1, 1982, the undersigned Authorized Company Representative hereby requests and authorizes \_\_\_\_\_, \_\_\_\_\_, Indiana, as Escrow Agent under the Escrow Agreement dated as of January 1, 1982 among the Company, the Issuer, the Escrow Agent and The Valley National Bank of Arizona (the "Holder") to pay to the Company or to the person(s) listed on the Disbursement Schedule hereto out of the moneys deposited in the Construction Fund held by the Escrow Agent pursuant to said Escrow Agreement the aggregate sum of \$ \_\_\_\_\_ to pay such person(s) or to reimburse the Company in full, as indicated in the Disbursement Schedule, for the advances, payments and expenditures made by it in connection with the items listed in the Disbursement Schedule.

In connection with the foregoing request and authorization, the undersigned Authorized Company Representative hereby certifies that:

- (a) Each item for which disbursement is requested hereunder is properly payable out of the Construction Fund in accordance with the terms and conditions of the Agreement and none of such items has formed the basis for any disbursement heretofore made from said Construction Fund.
- (b) Each such item is or was necessary in connection with the acquisition, equipping or construction of the Project, as defined in the Agreement.
- (c) The Company has received, or will concurrently with payment receive and deliver to the Escrow Agent, appropriate waivers from the general contractor of the Project of any mechanics or other liens with respect to each item for which disbursement is requested hereunder.
- (d) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Escrow Agent and the Holder for their actions taken pursuant hereto.

- (e) This statement constitutes the approval of the Company of each disbursement hereby requested and authorized.

This \_\_\_\_ day of \_\_\_\_\_, 198\_\_.

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Authorized Company Representative

In connection with the foregoing request and authorization, the undersigned Authorized Holder Representative, on behalf of the Holder, hereby approves said request and authorization in satisfaction of the requirement of Section 3.4 of the Agreement.

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Authorized Holder Representative

DISBURSEMENT SCHEDULE

TO STATEMENT NO. \_\_\_\_\_ REQUESTING AND AUTHORIZING DISBURSEMENT OF FUNDS  
FROM CONSTRUCTION FUND PURSUANT TO SECTION 3.4 OF LOAN AGREEMENT DATED AS OF  
JANUARY 1, 1982 BETWEEN THE CITY OF FORT WAYNE, INDIANA AND TGIF-FORT WAYNE.

PAYEE

AMOUNT

PURPOSE

ASSIGNMENT OF LOAN AGREEMENT  
AND REVENUES

THIS ASSIGNMENT (the "Assignment") dated as of February 1, 1982 by the City of Fort Wayne, Indiana (the "Issuer"), a municipal corporation and political subdivision duly organized and validly existing under the laws of the State of Indiana, to The Valley National Bank of Arizona, Phoenix, Arizona, a bank duly organized and validly existing under the laws of the United States of America or its successors or reassigns (the "Assignee"), as the holder of the Bond hereinafter referred, under the following circumstances:

A. Pursuant to Sections 36-7-12-1 to 36-7-12-37, Indiana Code, and an ordinance resolution duly passed by the Common Council of the Issuer (the "Legislative Authority") on \_\_\_\_\_, 198\_ (the "Bond Legislation"), the Issuer has sold and delivered to the Assignee its \$2,000,000 Economic Development Revenue Bond (TGIF-Fort Wayne Project) (TGI Friday's, Inc. - Lessee), dated as of February 1, 1982 (the "Bond").

B. Pursuant to a Loan Agreement (the "Agreement") dated as of February 1, 1982, between the Issuer and TGIF-Fort Wayne (the "Company"), the Issuer has agreed to loan the proceeds received from the sale of the Bond to the Company and the Company has agreed to repay the loan by making payments (the "Loan Payments") at such times and in such amounts as shall be sufficient to pay the total amounts due with respect to the principal of, premium and late charges, if any, and interest on the Bond ("Bond service charges").

C. To secure its obligations under the Agreement, the Company has executed and delivered to the Assignee the Mortgage and Security Agreement (the "Mortgage"), dated as of February 1, 1982.

D. The Bond constitutes a special obligation of the Issuer, payable solely from the Revenues as defined in the Bond Legislation.

E. As provided by the Agreement, all Loan Payments are to be paid directly to the Assignee for the account of the Issuer and the Company has executed and delivered to the Assignee its promissory note, dated as of the date hereof (the "Note") in the principal amount of \$2,000,000 evidencing and confirming its obligations to make such Loan Payments.

NOW, THEREFORE, in consideration of the purchase of the Bond by the Assignee and for other valuable considerations received, and to secure the payment of Bond service charges on the Bond and the performance and observance by the Issuer of its covenants and obligations as in the Bond Legislation set forth, the Issuer does hereby, as an absolute and present assignment, (a) assign to the Assignee all right, title and interest of the Issuer in and to the Agreement (except for the Unassigned Issuer's Rights as defined in the Agreement) and (b) assign and grant a security interest in the Revenues.

And with respect to such assignments and grant, and in connection with the issuance, sale and delivery of the Bond, the Issuer and the Assignee further agree as follows:

Section 1. Issuer's Compliance and Observance of Bond Legislation Covenants.

(A) The Issuer shall observe and comply with its obligations and covenants set forth in the Bond Legislation and, without limitation, the Issuer covenants and agrees that, as provided in the Bond Legislation:

(i) It will, solely, however, from Revenues, pay or cause to be paid Bond service charges on the Bond on the dates, at the place and in the manner provided in the Bond Legislation and in the Bond.

(ii) It will at all times faithfully observe and perform all agreements, covenants, undertakings, stipulations and provisions contained in the Agreement, the Bond Legislation and the Bond, and in all proceedings of its Legislative Authority pertaining thereto, on its part to be performed or observed and will take all actions within its authority to keep the Agreement in effect in accordance with the terms thereof and to enforce and protect the rights of the Issuer thereunder, including actions at law and in equity, as may be appropriate.

(iii) Except as otherwise provided in the Bond Legislation and the Agreement, it will not assign or grant a security interest in the Revenues or create or suffer to be created any debt, lien or charge thereon other than the assignment and grant thereof under the Bond Legislation and this Assignment.

(B) The Assignee by its acceptance of this Assignment shall observe and comply with all the obligations and covenants of the Issuer under and pursuant to the Agreement applicable to it.

Section 2. Payment and Application of Revenues. As provided in the Agreement, (i) all Loan Payments, which are to be made directly to the Assignee for the account of the Issuer, shall be applied by the Assignee to the payment of corresponding installments of Bond service charges on the Bond, (ii) any amounts received pursuant to Section 4.4, Section 5.2 or Section 5.3 of the Mortgage shall be applied by the Assignee to the payment, in inverse order of their maturities, of principal installments on the Bond and (iii) moneys for the prepayment on the Bond pursuant to Article VI of the Agreement, which are to be paid by the Company to the Assignee, shall be applied by the Assignee to such prepayment. The Assignee agrees that it will apply all Loan Payments and other moneys so received for such purposes and the Issuer hereby authorizes and directs such application. If, at any time or for any reason, the Issuer shall receive directly any Loan Payments or any other Revenues, it shall forthwith deliver same to the Assignee.

Section 3. Application and Investment of Construction Fund. As provided in the Bond Legislation, the proceeds from the sale of the Bond shall be deposited in the Construction Fund, which shall be held and maintained by \_\_\_\_\_, Indiana, as Escrow Agent (the "Escrow Agent") pursuant to the Escrow Agreement (the "Escrow Agreement") dated as of February 1, 1982 among the Escrow Agent, the Assignee, the Issuer and the Company in a separate deposit account (except when invested as provided in the Escrow Agreement) in the name of the Issuer and in the custody of the Escrow Agent. The Escrow Agent is hereby authorized and directed to make disbursements from the Construction Fund in accordance with the provisions of the Agreement. Pending disbursement, moneys to the credit of the Construction Fund are a part of the Revenues and as such are subject to a lien and charge in favor of the Assignee as holder of the Bond.

Section 4. Assignment by Assignee. This Assignment may not be otherwise assigned, except in connection with any subsequent assignment or transfer of the Bond upon the conditions therein and in the Bond Legislation specified together with the Bond, the Guaranty, the Mortgage, the Assignment of Rents and Leases (as defined in the Bond) and the Note. Upon any such permitted assignment, the assignee thereunder shall be deemed for all purposes to be the Assignee hereunder.

Section 5. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Assignment or the Bond is intended or shall be construed to give to any person other than the parties hereto, the Company and any permitted subsequent holder of the Bond, any legal or equitable right, remedy or claim under or in respect to this Assignment or any covenants, conditions and provisions herein contained.

Section 6. Extent of Covenants; No Personal Liability. All covenants, stipulations, obligations and agreements of the Issuer contained in this Assignment shall be effective to the extent authorized and permitted by applicable law. No such covenant, stipulation, obligation or agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or its Legislative Authority in other than his official capacity, and neither the members of the Legislative Authority nor any official executing the Bond shall be liable personally on the Bond or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 7. General Provisions. This Assignment shall be governed by and construed in accordance with the laws of the State of Indiana and shall inure to the benefit of and be binding upon the Issuer, the Assignee and their respective permitted successors and assigns. Any provision hereof invalid under any law shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof. The headings herein are for the purposes of reference only and shall not limit or otherwise affect the meaning hereof. This Assignment may be executed in several counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Issuer and the Assignee have caused this Assignment to be duly executed in their respective names, all as of the date hereinbefore written.

Signed and Acknowledged in  
the presence of:

City of Fort Wayne, Indiana

By: \_\_\_\_\_

\_\_\_\_\_  
Witnesses as to Issuer

Signed and Acknowledged  
in the presence of:

The Valley National Bank of Arizona

By: \_\_\_\_\_

\_\_\_\_\_  
Witnesses as to Assignee

Attest: \_\_\_\_\_

Acknowledgment

The undersigned hereby acknowledges receipt of notice of, and hereby covenants to abide by the Assignment and, intending to be legally bound, hereby agrees with the Assignee therein named (i) to pay directly to Assignee all sums due and to become due from the undersigned under the Agreement in lawful money of the United States (ii) not to seek to recover from the Assignee any moneys due and paid under the Assignment and (iii) to perform for the benefit of the Assignee all of the duties and undertakings of the undersigned under the Agreement.

TGIF-Fort Wayne, a Texas limited  
partnership by TGI Friday's Inc.,  
a general partner

Dated: \_\_\_\_\_, 1982 By \_\_\_\_\_



STATE OF INDIANA       )  
                              ) SS  
COUNTY OF ALLEN       )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1982, before me, a Notary Public in and for said County personally appeared \_\_\_\_\_ and \_\_\_\_\_ of the City of Fort Wayne, Indiana, who acknowledged their execution of the foregoing instrument as said officers of said City, by authority of and on behalf of said City and that the same is their voluntary act and deed as such officers and the voluntary act and deed of said City.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

---

Notary Public

[Seal]

STATE OF                       )  
                              ) SS  
COUNTY OF                    )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1982, before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_ and \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, respectively, of The Valley National Bank of Arizona who acknowledged that with due authorization and as such officers, they did sign said instrument on behalf of such Bank and that the same is their free act and deed individually as such officers, and the free act and deed of said Bank.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

---

Notary Public

[Seal]

This instrument was prepared by: Joseph A. Morrissey  
Squire, Sanders & Dempsey  
Cleveland, Ohio

## ASSIGNMENT OF RENTS AND LEASES

THIS ASSIGNMENT (the "Assignment") dated as of February 1, 1982, by TGIF-Fort Wayne (the "Company"), a limited partnership formed and existing under the laws of the State of Texas and registered to do business in the State of Ohio to The Valley National Bank of Arizona, Phoenix, Arizona (the "Bond Holder"), a bank and trust company duly organized and validly existing under the laws of the United States of America or its successors or reassigns and having an office for the conduct of business at Phoenix, Arizona under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals being used therein as elsewhere defined herein):

A. The Company and the City of Fort Wayne, Indiana (the "Issuer"), a municipal corporation and political subdivision duly organized and validly existing under the laws of the State of Indiana, have entered into a certain Loan Agreement dated as of February 1, 1982 (such agreement, as amended, the "Loan Agreement") pursuant to which the Issuer has agreed to loan the Company the proceeds of the Bond hereinafter described (the "Loan") to assist the Company in financing the costs of acquiring, constructing and installing real and personal property constituting the Project, as defined in the Loan Agreement.

B. For the purpose of making the Loan, the Issuer has issued and sold \$2,000,000 Economic Development Revenue Bond (TGIF-Fort Wayne Project)(TGIF Friday's, Inc. - Lessee) dated as of February 1, 1982 (the "Bond") pursuant to an ordinance duly adopted by the Common Council of the Issuer (the "Bond Legislation").

C. Under the Loan Agreement, the Company has agreed to repay the Loan by making Loan Payments, as defined in the Loan Agreement, in such amounts and at such times as are required by the Loan Agreement, the sums of which are to be sufficient to pay the total amount due with respect to the payment of the principal of, premium, if any, and interest on the Bond as and when due.

D. The Company has executed and delivered to the Bond Holder a certain Mortgage and Security Agreement dated as of February 1, 1982 (such instrument, as amended, the "Mortgage") covering the premises more particularly described in the Mortgage and in Exhibit A attached hereto (herein referred to as the "Premises"), as security for the repayment of the Loan and for the performance of all of its other obligations, agreements and covenants contained in the Loan Agreement and the \$2,000,000 promissory note delivered by the Company to the Bond Holder to evidence its obligation to make the Loan Payments (the "Note").

E. By an Assignment of the Loan Agreement and Revenues dated as of February 1, 1982, the Issuer has assigned to the Bond Holder the Loan Payments and other moneys constituting Revenues, as defined in the Bond Legislation,

and all of the Issuer's right, title and interest in and to the Loan Agreement (except for Unassigned Issuer's Rights as therein defined) as security for the payment of the principal of and premium, if any, and interest on the Bond.

F. This Assignment is, and is intended to be collateral to the Mortgage and the Agreement and the Assignment thereof to provide further security for the repayment of the Loan and for the performance of all of Company's other obligations, agreements and covenants contained in the Loan Agreement, the Mortgage and the Note.

NOW, THEREFORE, the Company, for good and valuable consideration receipt whereof is hereby acknowledged, hereby assigns to the Bond Holder all right, title and interest of the Company as lessor in and to the lease of the Premises by TGIF-Fort Wayne, as lessor, to TGI Friday's Inc., a New York corporation qualified to do business in the State of Indiana, as lessee, dated as of February 1, 1982, a Memorandum of which was filed for record on \_\_\_\_\_, 198\_\_, as Instrument No. \_\_\_\_\_ of the Allen County County Recorder's Office and the Equipment Lease between said parties, dated as of January 1, 1982 (the Lease and Equipment Lease collectively herein, the Lease).

TOGETHER with all rents, revenues, payments, repayments, income, charges, profits and money derived by the Company from such Lease (the "Rents") and any and all modifications, extensions and renewals thereof and together with all Rents, for the use and occupation of the Premises and, at the option of the Bond Holder, from any and all other leases upon the Premises which may hereafter be executed during the term of this Assignment (the Lease, as amended, and any and all future leases with respect to the Premises being, except as otherwise expressly indicated by the context, the "Leases").

THIS ASSIGNMENT is made for the purpose of securing (a) all payments to be made by the Company under the Loan Agreement, the Mortgage or the Note, including without limitation all Loan Payments and Additional Payments (as defined and used in the Loan Agreement), (b) any amounts advanced or costs incurred by the Bond Holder for the payment of any insurance premiums, taxes, assessments or governmental or utility charges, or in connection with the preservation and enforcement of the Loan Agreement, the Mortgage, the Note and the Assignment and this Assignment and (c) the performance and observance of each covenant and agreement of the Company contained in the Loan Agreement, the Mortgage, the Assignment, the Note and this Assignment.

THE COMPANY WARRANTS that as of the date hereof the Company is the sole owner of the entire lessor's interest in the Lease; that the Lease is valid and enforceable and has not been altered, modified or amended in any manner whatsoever; that the lessee named therein is not in default under any of the terms, covenants or conditions thereof; that no rent reserved in such Lease has been assigned or anticipated and that no rent for any period subsequent to the date of this assignment has been collected in advance of the time when the same becomes due under the terms of such Lease.

THE COMPANY COVENANTS with the Bond Holder that the Company will: observe and perform all the obligations imposed upon it as lessor under the Lease; not do or permit to be done anything to impair the security thereof; not collect any of the Rents arising or accruing under the Lease or from the Premises in advance of the time when the same shall become due; not execute any other assignment of lessor's interest in the Lease, or assignment of any Rents arising or accruing from the Leases or from the Premises; not alter, materially modify or change the terms of the Leases or cancel or terminate the same or accept a surrender thereof without the prior written consent of the Bond Holder; not consent to any assignment of or subletting under the Leases, whether or not in accordance with its terms, without the prior written consent of the Bond Holder; at the Bond Holder's request, assign and transfer to the Bond Holder any and all subsequent leases upon all or any part of the Premises; and execute and deliver at the request of the Bond Holder all such further assurances and assignments with respect to the Premises as the Bond Holder shall from time to time require.

THIS ASSIGNMENT is made on the following terms, covenants and conditions:

1. So long as there shall exist no "Event of Default" as defined in Section 7.1 of the Loan Agreement or in Section 6.2 of the Mortgage, or the Note or no default by the Company in the performance of any obligation, covenant or agreement in this Assignment or in the Leases on the part of the Company to be performed (any such "Event of Default" or default being hereinafter called a "Default"), the Company shall have the right to collect at the time of, but not prior to, the date provided for the payment thereof, all Rents arising under the Leases and from use and occupancy of the Premises and to retain, use and enjoy the same except to the extent that the Lease requires the lessee to pay the Basic Rent thereunder directly to the Bond Holder for the account of the Company.

2. Upon or at any time after the occurrence of an Event of Default, the Bond Holder, without waiving such Default, may at its option without notice and without regard to the adequacy of the security for the indebtedness secured hereby and by the Mortgage, either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, (i) take possession of all or any part of the Premises and have, hold, manage, lease and operate the same on such terms and for such period of time as the Bond Holder may deem proper and in connection therewith make such alterations, renovations, repairs and replacements to and of the improvements situated thereon as the Bond Holder deems proper and (ii) either with or without taking possession of all or any part of the Premises in its own name, demand, sue for or otherwise collect and receive all Rents arising under the Leases or from the use and occupancy of the Premises or any part thereof, including any amounts past due and unpaid. The Bond Holder may apply such Rents to the payment of: (a) all expenses of managing, operating and maintaining the Premises, including, without limitation, the salaries, fees and wages of a managing agent and such other employees as the Bond Holder may deem

necessary or desirable to employ, all taxes, charges, claims, assessments, water rents, sewer rents and other liens, and premiums for all insurance which the Bond Holder may deem necessary or desirable to pay, and the cost of all alterations, renovations, repairs or replacements made by Bond Holder with respect to the Premises, and all expenses incident to taking and retaining possession of the Premises; and (b) the indebtedness secured hereby and by the Mortgage, including, without limitation all amounts of principal, premium, if any, and interest at the time due and payable on the Bond, together with all costs and attorneys' fees. The application of such Rents shall be made in such order or priority as the Bond Holder may determine, any statute, law, custom or use to the contrary notwithstanding. The exercise by the Bond Holder of the options granted it in this Section and the collection of the Rents and the application thereof as herein provided shall not be considered a waiver of any Default by the Bond Holder.

3. The Bond Holder shall not be liable for any loss sustained by the Company resulting from the Bond Holder's failure to let all or any part of the Premises after Default or from any other act or omission of the Bond Holder in managing, operating and maintaining the Premises after Default, unless such loss is caused by the willful misconduct and bad faith of the Bond Holder and the Bond Holder shall not be obligated to perform or discharge, nor does the Bond Holder hereby undertake to perform or discharge, any obligation, duty or liability under the Leases or under or by reason of this Assignment. The Company shall, and does hereby agree to, indemnify the Bond Holder for, and to hold the Bond Holder harmless from, any and all liability, loss or damage which may or might be incurred under the Leases or under or by reason of this Assignment and from any and all claims and demands whatsoever which may be asserted against the Bond Holder by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Bond Holder incur any such liability under the Leases or under or by reason of this Assignment or in defense of any such claims or demands, the amount thereof, (including costs, expenses and, to the extent permitted by law, reasonable attorneys' fees except as may have been limited by law or by judicial order or decision entered in any action to recover same) shall be secured hereby and shall constitute indebtedness secured by the Mortgage and the Company shall reimburse the Bond Holder therefor immediately upon demand. The indemnification set forth above is intended to and shall be enforceable by the Bond Holder to the full extent permitted by law. And it is further understood that this Assignment shall not operate to place responsibility for the control, care, management or repair of the Premises or any part thereof upon the Bond Holder; nor for the carrying out of any of the terms and conditions of the Leases; nor shall it operate to make the Bond Holder responsible or liable for any waste committed on the Premises or part thereof by any lessees under the Leases or any other parties, or for any dangerous or defective condition of the Premises or part thereof or for any negligence in the management, upkeep, repair or control of the Premises or part thereof resulting in loss or injury or death to any lessee, licensee, employee or other person.

4. Upon release and discharge of the Mortgage pursuant to Section 7.3 thereof and the payment in full of any costs or expenses payable to Bond Holder hereunder, this Agreement shall become and be void and of no effect but the affidavit, certificate, letter or statement of any officer, agent or attorney of the Bond Holder showing that the Mortgage has not been released and discharged, that any part of the principal, interest or premium on the Bond, or that any costs or expenses payable to Bond Holder hereunder remain unpaid shall be and constitute conclusive evidence of the validity, effectiveness and continuing force of this Assignment and any person may, and is hereby authorized to, rely thereon. The Company hereby authorizes and directs the lessees named in the Leases or any other or future lessee or occupant of the Premises or part thereof, upon receipt from the Bond Holder of written notice to the effect that a Default exists under this Assignment, to pay over to the Bond Holder all Rents arising or accruing under the Leases or from the Premises and to continue so to do until otherwise notified by the Bond Holder.

5. The Bond Holder may take or release other security for the indebtedness secured hereby or by the Mortgage, may release any part primarily or secondarily liable therefor and may apply any other security held by it to the satisfaction thereof without prejudice to any of its rights under this Assignment.

6. The term "Bond Holder" as used herein means The Valley National Bank of Arizona, Phoenix, Arizona, as holder of the Bond the Note and Mortgage and any permitted successor and assign holding the Bond, the Note and Mortgage.

7. Nothing contained in this Assignment and no act done or omitted by the Bond Holder pursuant to the powers and rights granted it hereunder shall be deemed to be a waiver by the Bond Holder of its rights and remedies under the Mortgage, the Assignment or any other instrument or by or pursuant to law, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by the Bond Holder. The right of the Bond Holder to collect said any and all indebtedness secured hereby and by the Mortgage and to enforce any other security therefor held by it may be exercised by the Bond Holder either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

8. In case of any conflict between the terms of this instrument and the terms of the Mortgage, the terms of the Mortgage shall prevail.

THIS ASSIGNMENT, together with the covenants and warranties herein contained, shall inure to the benefit of the Bond Holder and any permitted successor Bond Holder and the Issuer and shall be binding upon the Company, its permitted successors and assigns, and any subsequent owner of the Premises.

IN WITNESS WHEREOF, the Company has executed this Assignment as of the day and year first above written.

Signed and acknowledged in the presence of:

TCIF-Fort Wayne by its general partner TGI Friday's, Inc.

By: \_\_\_\_\_  
(Title)

\_\_\_\_\_  
Witnesses as to TCIF-Fort Wayne

Accepted as of the January 1, 1982 by  
The Valley National Bank of Arizona,  
Phoenix, Arizona

By: \_\_\_\_\_  
(Title)

\_\_\_\_\_  
Witnesses as to The Valley National  
Bank of Arizona, Phoenix, Arizona

STATE OF                    )  
                              ) SS:  
COUNTY OF                 )

On this \_\_\_\_\_ day of \_\_\_\_\_, 198\_\_\_\_, before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_ and \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, respectively, of TGIF-Fort Wayne, who acknowledged that with due authorization and as such officers, they did sign said instrument on behalf of such corporation and that the same is their free act and deed individually as such officers, and the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

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Notary Public

(SEAL)

STATE OF                    )  
                              ) SS:  
COUNTY OF                 )

On this \_\_\_\_\_ day of \_\_\_\_\_, 198\_\_\_\_, before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_, the Bank which executed the foregoing instrument, who acknowledged that he did sign said instrument as such officer for and on behalf of said Bank and by authority granted in its rules and regulations and by its Board of Directors; that the same is his free act and deed as such officer, and the free act and deed of said Bank.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

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Notary Public

(SEAL)

This instrument prepared by:

Squire, Sanders & Dempsey



EXHIBIT A

PROJECT NOTE

TGIF-Fort Wayne, (the Company) a limited partnership formed and existing under the laws of the State of Texas and registered to do business in the State of Indiana, for value received, promises to pay to The Valley National Bank of Arizona, Phoenix, Arizona, or if the Project Bond hereinafter described is transferred pursuant to the terms thereof to the permitted registered assigns (together, the Holder) the principal sum of

TWO MILLION DOLLARS (\$2,000,000)

and to pay interest on the unpaid balance of such principal sum from and after \_\_\_\_\_, 1982 (the date of original delivery of this Note) at the Applicable Rate, subject to adjustment as hereinafter provided. Interest shall be payable in arrears each January 15, April 15, July 15, and October 15 (Loan Payment Date), commencing on the first of such dates after the initial delivery hereof and after which at least 90 days have elapsed, and shall be calculated on the basis of a 360-day year of twelve consecutive 30-day months.

The amount due hereon for interest on each Loan Payment Date shall be the amount of interest accrued on the unpaid principal balance hereof for the calendar quarter ending the December 31, March 31, June 30 and September 30 prior to the respective Loan Payment Dates and written notice of the amount due shall be mailed by the Holder to the Company (as hereinafter defined) on each December 31, March 31, June 30 and September 30; provided, however, that any failure on the part of the Holder to mail such statement shall neither excuse nor extend the time for the payment of such amount. As used herein, "Applicable Rate" means 65% of the interest rate per annum accounted from time to time by The Valley National Bank of Arizona as its prime rate (Prime Rate).

The Applicable Rate shall be established as of the close of business of the date of initial delivery hereof to the original purchaser and shall be subject to adjustment on and as of the date any change in the Prime Rate becomes effective.

This Note shall be payable as to principal on each Loan Payment Date in the amounts set forth in Schedule A attached hereto. Principal of, late charges, if any, and interest on this Note (Loan Payments) are payable in lawful money of the United States of America and shall be made to the Holder at The Valley National Bank of Arizona, Phoenix, Arizona, or its assigns for the account of the Issuer, as hereinafter defined. Loan Payments shall be used by the Holder to pay Bond service charges on the Project Bond, as such terms are hereinafter defined.

Upon default in the payment of any Loan Payment, the Company shall pay a late charge equal to five percent (5%) of the amount of any such unpaid amount, which the Company hereby acknowledges is fixed, liquidated, and ascertained damages without the requirement of further proof of loss or damage and represents agreed compensation for administrative, general and other expenses; provided, further, that from and after such a default and until such unpaid amount has been paid, the Applicable Rate on such defaulted Loan Payment shall, anything herein to the contrary notwithstanding, accrue at the lesser of two per centum (2%) per annum above the interest rate otherwise

payable or the highest interest rate permitted under the laws of the State of Indiana.

This Note has been executed and delivered by the Company to the Holder pursuant to a certain Loan Agreement (the Agreement) of even date herewith, between the City of Fort Wayne, Indiana (the Issuer) and the Company. Under the Agreement, the Issuer has loaned the Company the principal proceeds received from the sale of the Issuer's \$2,000,000 Economic Development Revenue Bond (TGIF-Fort Wayne Project) (TGI Friday's Inc. - Lessee) dated as of February 1, 1982 (the Project Bond) to assist in the financing of the Project (as defined in the Agreement), and the Company has agreed to repay such loan by making Loan Payments at the times and in the amounts set forth in this Note for application to the payment of the principal of, late charges, if any, and interest on the Project Bond (Bond service charges) as and when due. The terms of this Note are identical with the terms of the Project Bond as to principal payments dates and amounts, interest rates and amounts and prepayment provisions. The Project Bond has been issued, concurrently with the execution and delivery of this Note, pursuant to an ordinance duly passed by the Common Council of the Issuer on                     , 1982 (the Bond Legislation). The Bond is secured by an assignment by the Issuer to the Holder of all of its right, title and interest in and to the Agreement (the Agreement) except as reserved therein and dated as of February 1, 1982.

If payment or provision for payment in accordance with the Agreement is made in respect of the principal of, late charges, if any, and interest on the Project Bond from moneys other than Loan Payments, this Note shall be deemed paid to the extent such payments or provision for payment of the Project Bond has been made. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

The obligation of the Company to make the payments required hereunder shall be absolute and unconditional and the Company shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense (other than payment), set-off, recoupment or counterclaim which the Company may have or assert against the Issuer, the Holder or any other person.

The unpaid principal balance of this Note is subject to prepayment at any time at the option of the Company, at a prepayment price equal to 100% of the principal amount prepaid, by the prepayment prior to stated maturities of installments of principal due hereon in whole or in part, together with interest accrued on the principal amount prepaid to the prepayment date. If, as a result of any prepayment, less than all of the outstanding principal balance of this Note is to be prepaid, any such prepayments shall be applied against principal installments due on this Note in the inverse order of their due dates.

In the event of any final determination with respect to the tax liability of the registered owner of the Project Bond that the interest on the Project Bond is wholly or partially includable for federal income tax purposes in the gross income of such owner (other than in the event that such owner is a "substantial user" of the Project or a "related person" as those terms are used in Section 103(b)(10) of the Code), the interest rate on this Note shall from the date as of which interest is so includable (the "Date of Taxability")

and until all the installments due on this Note shall have been paid, or until the date as of which interest is no longer determined to be so includable pursuant to a final determination, be equal to (i) the Prime Rate plus one per centum (the "Taxable Rate"), in the event interest is wholly includable or (ii) the Applicable Rate plus that portion of the difference between the Taxable Rate and the Applicable Rate equal to the portion of interest which is includable, in the event that interest is partially includable. In the event of any final determination, the interest rate on this Note shall be adjusted as of the close of business of the Date of Taxability and thereafter as hereinbefore provided. An amount equal to the difference between (a) the amount of interest which would have been paid on this Note had the interest rate per annum been adjusted as provided in either (i) or (ii) above for a period (the "Payment Period") beginning on the Date of Taxability and ending on the first day of the month in which the final determination occurs and (b) the amount of interest actually paid on this Note for the Payment Period shall be paid by the Company to the Holder of this Note within thirty (30) days after the date of the final determination. In addition, in the event of any final determination, the Company shall also pay to the Holder of this Note an amount corresponding to the amount to be paid to the registered owner of the Project Bond which is generally intended to make such owner whole with respect to any penalties or interest required to be paid by such owner for failure to report for federal income tax purposes the interest on the Project Bond, and such amount shall be paid within thirty (30) days after such owner furnishes to the Company evidence of the amount of such penalties or interest paid by such owner. As used herein, a "final determination" shall have the same meaning specified in the Project Bond. This paragraph shall survive the payment in full of the principal of, late charges, if any, and interest on this Note.

Whenever an event of default under Section 6.2 of the Mortgage shall have occurred and, as a result thereof, the principal of and any late charges on the Project Bond then outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 6.3 of the Mortgage, the unpaid principal amount of and any late charges and accrued interest on this Note shall also be due and payable on the date on which the principal of and late charges and interest on the Project Bond shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Project Bond shall also constitute an annulment of any corresponding declaration with respect to this Note.

The Note and the Company's obligations under the Agreement are secured by a Mortgage and Security Agreement, of even date herewith, from the Company to the Holder.

IN WITNESS WHEREOF, the Company has caused this Note to be executed in its name by its duly authorized general partner as of February 1, 1982.

TGIF-FORT WAYNE, a Texas limited  
partnership by TGI Friday's Inc., a  
general partner

By \_\_\_\_\_

## ESCROW AGREEMENT

THIS ESCROW AGREEMENT made and entered into as of February 1, 1982, under the circumstances summarized in the following recitals by and among \_\_\_\_\_, a bank duly organized and validly existing under the laws of the United States and duly authorized to exercise trust powers in the State of Indiana; the City of Fort Wayne, Indiana (the "Issuer"), a municipal corporation and political subdivision duly organized and validly existing under the laws of the State of Indiana and the issuer of the Project Bond hereinafter referred to; TGIF-Fort Wayne (the "Company"), a limited partnership duly formed and validly existing under the laws of the State of Texas and registered to do business in the State of Indiana; and The Valley National Bank of Arizona, Phoenix, Arizona, a bank duly organized and validly existing under the laws of the United States and the original purchaser and holder of the Project Bond (the "Holder");

A. Pursuant to Sections 36-7-12-1 to 36-7-12-37, Indiana Code, and an ordinance duly passed by the Common Council of the Issuer on \_\_\_\_\_, 1982 (the "Bond Legislation"), the Issuer has sold and delivered to the Holder its \$2,000,000 Economic Development Revenue Bond (TGIF-Fort Wayne Project) (TGI Friday's Inc. - Lessee), dated as of February 1, 1982 (the "Project Bond").

B. Pursuant to a Loan Agreement (the "Agreement") dated as of February 1, 1982, between the Issuer and the Company, the Issuer has agreed to loan the proceeds received from the sale of the Project Bond to the Company to assist in financing of costs of the Project, as defined in the Agreement, and the Company has agreed to repay the loan by making payments at such times and in such amounts as shall be sufficient to pay the total amounts due with respect to the principal of, late charges, if any, and interest on the Project Bond, as evidenced by a note (the "Note") given by the Company to the Holder.

C. To secure its obligations under the Agreement, the Company has executed and delivered to the Holder a Mortgage and Security Agreement (the "Mortgage") and an Assignment of Rents and Leases (the "Rents Assignment"), and pursuant to an Assignment of Loan Agreement and Revenues (the "Assignment"), the Issuer has, with certain exceptions, assigned its right, title and interest in and to the Agreement to the Holder, all such documents being dated as of February 1, 1982.

D. Pursuant to Section 6 of the Bond Legislation, the proceeds from the sale of the Project Bond (the "Bond Proceeds") are to be deposited and credited to a separate deposit account to be created by the Issuer, to be designated "City of Fort Wayne, Indiana - TGIF-Fort Wayne Construction Fund" (the "Construction Fund") and to be maintained and invested in the name of the Issuer by the Escrow Agent pursuant to this Escrow Agreement. Pending disbursement, moneys to the credit of the Construction Fund are a part of the Revenues, as defined in the Bond Legislation, and as such are subject to a lien and charge in favor of the Holder.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the parties hereto agree as follows:

1. The Escrow Agent hereby agrees to act as such, in a fiduciary capacity, under the terms of this Escrow Agreement; to accept delivery on behalf of the Issuer of all Bond proceeds; to deposit and hold the Bond Proceeds and any other moneys received by it pursuant to this Escrow Agreement in the Construction Fund; and to disburse and apply all moneys in the Construction Fund and perform the duties assigned to it in accordance with the terms of this Escrow Agreement, the Agreement, the Mortgage, the Assignment and the Bond Legislation.

2. As provided in the Bond Legislation, the Agreement and the Assignment, moneys in the construction Fund shall be invested and reinvested by the Escrow Agent in any Eligible Investments (as defined in the Bond Legislation) at the oral or written direction of the Authorized Company Representative (as defined in the Agreement), and moneys in the Construction Fund shall be disbursed for the purposes and in the manner set forth in the Agreement at the written request of the Authorized Company Representative approved and signed by the Authorized Holder Representative (as defined in the Agreement). The Escrow Agent shall be under no obligation to make such investments unless and until the Company shall have made arrangements satisfactory to the Escrow Agent for the payment by the Company of any cost or expenses incurred by the Escrow Agent in making such investments. Any earnings on investments shall be credited to, and any losses shall be chargeable to, the Construction Fund.

3. The Escrow Agent shall incur no liability in acting or proceeding in good faith on any investment request or direction given by the Company or any written disbursement request made by the Company and approved and signed by the Holder as aforesaid, or for any losses resulting from delays on the part of the Escrow Agent in making investments or disbursements pursuant to such requests or directions. The Escrow Agent shall be obligated only for the performance of such duties as are specifically set forth in this Escrow Agreement, the Agreement, the Mortgage, the Assignment and the Bond Legislation and may rely, and shall be protected in acting or refraining from acting, on any instrument believed by the Escrow Agent to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall not be liable for any action taken or omitted by the Escrow Agent in good faith and believed by the Escrow Agent, in its capacities as an Escrow Agent and fiduciary hereunder, to be authorized hereby, nor for action taken or omitted by the Escrow Agent in accordance with the advice of its attorney, approved by the Escrow Agent in the exercise of reasonable care. In addition, the parties hereto agree that the Escrow Agent does not assume any responsibility for the Issuer's, the Holder's and/or the Company's performance of, or compliance with, any of the conditions, covenants, warranties or agreements set forth in the Bond Legislation, the Project Bond, the Agreement, the Note, the Mortgage, the Rents Assignment and the Assignment.

4. The Escrow Agent shall keep and maintain adequate records pertaining to the Construction Fund and all investments thereof and disbursements therefrom and, after all disbursements therefrom shall have been made, shall file an accounting thereof with the Issuer, the Company and the Holder.

5. Reference is made to Section 3.4 of the Agreement and the provisions therein for the payment of the principal of the Project Bond, under certain circumstances, from excess moneys held in the Construction Fund by the Escrow Agent pending application as therein provided. Reference is also made

to Article V of the Mortgage and the provisions therein for the payment to the Escrow Agent of the Net Proceeds, as defined in the Mortgage, of insurance and condemnation awards to be held by the Escrow Agent in the Insurance Account, as defined in the Mortgage, or the Condemnation Account, as defined in the Mortgage, respectively, pending application as provided in the Mortgage. The Escrow Agent agrees to hold, invest, reinvest, disburse and apply any moneys in the Insurance Account and the Condemnation Account as provided in Article V of the Mortgage. Following full disbursement of the Construction Fund, as provided in the Agreement, and the filing of an account as aforesaid, the Escrow Agent shall have no further responsibilities hereunder, or under the Bond Legislation, Assignment or Agreement other than the responsibilities pertaining to the deposit of funds pursuant to Article V of the Mortgage.

6. The Escrow Agent hereby irrevocably waives any rights which it may now or hereafter have, in any capacity, against any person or party to set-off any claim against moneys deposited in, or Eligible Investments, as defined in the Bond Legislation, held to the credit of, the Construction Fund. The Construction Fund shall be held as an escrow account for the purposes intended and shall be disbursed only in accordance with the terms and provisions of the Agreement, the Assignment and the Bond Legislation and pending such disbursement is a part of the Revenues and shall be subject to a lien and charge in favor of the Holder. Upon receipt of notice from the Holder that the outstanding principal amount of the Project Bond has been declared due and payable pursuant to the terms thereof, the Escrow Agent shall immediately deliver to such Holder all moneys then existing in the Construction Fund and Insurance Account and Condemnation Account, if any, for application to the payment of such outstanding principal amount.

7. The Company agrees to pay the reasonable fees and expenses incurred by the Escrow Agent in connection with its duties hereunder, which fees and expenses are to be treated as Additional Payments as defined in, and provided for under, the Agreement.

8. The rights and obligations of the Holder under this Escrow Agreement are to be assigned to any subsequent holder of the Project Bond upon the concurrent assignment of the Project Bond, the Assignment, the Agreement, the Note, the Mortgage and the Rents Assignment.

9. The duties of the Escrow Agent hereunder and under the Agreement, the Assignment and the Bond Legislation may be assigned by the Escrow Agent, with the prior written consent of the Issuer, the Company and the Holder, to another bank or banking association authorized to exercise trust powers in Indiana.

10. Notices shall be sufficient if contained in a writing addressed to the parties at their addresses as set forth in the Agreement and to \_\_\_\_\_, Attention: \_\_\_\_\_, (or at such other address as may from time to time be designated by any party in writing, delivered to all other parties) deposited in the United States mail, postage prepaid, by registered or certified mail.

11. By its execution hereof, \_\_\_\_\_, in its capacity as Escrow Agent, acknowledges receipt of a copy of the Agreement, the Bond Legislation, the Assignment, the Mortgage, the Rents Assignment and the Project Bond.

12. Neither this Escrow Agreement nor any provision hereof may be changed, revised or amended, except by a statement in writing signed by each party hereto.

13. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of Indiana and shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Any provision hereof determined to be invalid or unenforceable under any law shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof. This Escrow Agreement may be executed in several counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the day and year first above written.

\_\_\_\_\_  
By: \_\_\_\_\_

CITY OF FORT WAYNE, INDIANA

By: \_\_\_\_\_

By: \_\_\_\_\_

TGIF-Fort Wayne, a Texas limited  
partnership by TGI Friday's Inc.,  
a general partner

By: \_\_\_\_\_

THE VALLEY NATIONAL BANK OF ARIZONA

By: \_\_\_\_\_



STATE OF INDIANA  
COUNTY OF ALLEN  
CITY OF FORT WAYNE  
ECONOMIC DEVELOPMENT REVENUE BOND  
(TGIF-Fort Wayne Project)  
(TGI Friday's Inc. - Lessee)

The City of Fort Wayne, Indiana (the Issuer), a municipal corporation and political subdivision duly organized and validly existing under the laws of the State of Indiana, for value received, promises to pay to The Valley National Bank of Arizona, Phoenix, Arizona, or registered assigns (together with any permitted assigns, the Holder), but solely from the sources and in the manner hereinafter referred to, the principal sum of

TWO MILLION DOLLARS (\$2,000,000)

and to pay from said sources interest on the unpaid balance of the principal sum hereof from and after \_\_\_\_\_, 1982, (the date of original delivery of this Bond), at the Applicable Rate, subject to adjustment as hereinafter provided. Interest shall be payable in arrears each January 15, April 15, July 15 and October 15 (Bond Payment Date), commencing the first of such dates after the initial delivery of hereof and after which at least 90 days have elapsed, and shall be calculated on the basis of a 360-day year of twelve consecutive 30-day months. The amount due hereon for interest on each Bond Payment Date shall be the amount of interest accrued on the unpaid principal balance hereof for the calendar quarter ending the December 31, March 31, June 30 and September 30 prior to the respective Bond Payment Dates and written notice of the amount due shall be mailed by the Holder to the Company (as hereinafter defined) on each December 31, March 31, June 30 and September 30; provided, however, that any failure on the part of the Holder to mail such statement shall neither excuse nor extend the time for the payment of such amount. As used herein, "Applicable Rate" means, 65% of the interest rate per annum announced from time to time by The Valley National Bank of Arizona as its prime rate (Prime Rate). The Applicable Rate shall be established as of the close of business of the date of initial delivery hereof to the original purchaser and shall be subject to adjustment on and as of the date any change in the Prime Rate becomes effective.

This Bond shall be payable as to principal on each Bond Payment Date in the amounts set forth in Schedule A attached hereto. Principal of, late charges, if any, and interest on this Bond (Bond service charges) are payable in lawful money of the United States of America, without deduction for the services of the Holder as the paying agent, at the principal office of the Holder, presently The Valley National Bank of Arizona, Phoenix, Arizona. Upon any transfer of this Bond, the Holder shall endorse on Schedule B hereof all payments of Bond service charges theretofore made. This Bond shall be surrendered to the Issuer upon the final payment of Bond service charges.

Upon default in the payment of any amount due hereunder, a late charge shall also be due equal to five percent (5%) of the amount of any such unpaid amount as fixed, liquidated and ascertained damages; provided, further, that from and after such a default and until such unpaid amount has been paid, the Applicable Rate shall, anything herein to the contrary notwithstanding, accrue at the lesser of two per centum (2%) per annum above the interest rate otherwise payable or the highest interest rate permitted under the laws of the State of Indiana.



This Bond is issued as a fully registered bond to The Valley National Bank of Arizona, or permitted registered assigns, as the registered holder, and is transferable by The Valley National Bank of Arizona or by its attorney, with written notice of such transfer given to the Issuer and the Company which shall specify therein the address of the principal office of the transferee, and upon the concurrent assignment of the rights and interests of the Holder under the Assignment, the Mortgage, the Note, the Guaranty, the Escrow Agreement dated as of February 1, 1982 by and among the Issuer, the Company, the Holder and \_\_\_\_\_ and the Assignment of Rents and Leases (as such terms are defined herein) to the transferee of this Bond; provided, however, that each Holder by its acceptance hereof agrees that it shall not transfer this Bond except in compliance with all applicable federal and state securities laws.

The unpaid principal balance of this Bond is subject to prepayment at any time, at a prepayment price equal to 100% of the principal amount prepaid, at the option of the Issuer exercised at the request of the Company by the prepayment prior to stated maturities of installments of principal due hereon in whole or in part, together with interest accrued on the principal amount prepaid to the prepayment date. If, as a result of any prepayment, less than all of the unpaid principal balance of this Bond is to be prepaid, any such prepayment shall be applied against principal installments due hereon in the inverse order of their due dates. The fixed installments of principal are not subject to adjustment in amount upon any partial prepayment hereunder.

Rights of prepayment shall be exercised upon at least five full business days' prior written notice by the Issuer, or the Company acting on behalf of the Issuer (unless such notice is waived by the Holder). Such notice shall specify the portion of the principal sum to be prepaid and the date fixed for prepayment, and shall be mailed to the Holder, at the address of its principal office. If the entire unpaid principal balance of this Bond or any portion thereof is duly called for prepayment and if on such prepayment date moneys for the prepayment thereof, together with premium and late charges, if any, and interest thereon to the prepayment date shall be held by the Holder so as to be available therefor, then from and after such prepayment date the entire unpaid principal balance of this Bond or, in the event of a partial prepayment, the portion thereof being prepaid shall cease to bear interest and shall not be deemed to be outstanding under the Bond Legislation or otherwise. The amount of any partial prepayment shall be endorsed by the Holder the Payment Schedule.

In the event of any final determination with respect to the tax liability of the Holder that the interest on the Project Bond is wholly or partially includable for federal income tax purposes in the gross income of the Holder (other than in the event that the Holder is a "substantial user" of the Project or a "related person" as those terms are used in Section 103(b)(10) of the Code), the interest rate on this Bond shall from the date as of which interest is so includable (the "Date of Taxability") and until all the installments due hereon shall have been paid, or until the date as of which interest is no longer determined to be so includable pursuant to a final determination, be equal to (i) the Prime Rate plus one per centum (the "Taxable Rate"), in the event interest is wholly includable or (ii) the Applicable Rate plus that portion of the difference between the Taxable Rate and the Applicable Rate equal to the portion of interest which is includable, in the event that interest is partially includable. In the event of any final

determination, the interest rate on this Bond shall be adjusted as of the close of business of the Date of Taxability and thereafter as hereinbefore provided. An amount equal to the difference between (a) the amount of interest which would have been paid on this Bond had the interest rate per annum been adjusted as provided in either (i) or (ii) above for a period (the "Payment Period") beginning on the Date of Taxability and ending on the first day of the month in which the final determination occurs and (b) the amount of interest actually paid on this Bond for the Payment Period shall be paid to the Holder within thirty (30) days after the date of the final determination. In addition, in the event of any final determination, there shall also be due and payable on this Bond an amount generally intended to make the Holder whole with respect to any penalties or interest required to be paid by the Holder for failure to report for federal income tax purposes the interest on this Bond, and such amount shall be paid within thirty (30) days after the Holder furnishes to the Company evidence of the amount of such penalties or interest paid by the Holder. As used herein, "final determination" shall be deemed to have occurred upon receipt by the Holder of a ruling or technical advice by the Internal Revenue Service in which the Company has participated or a written opinion of an attorney or firm of attorneys of recognized standing on the subject of municipal bonds selected by the Holder and approved by the Company, which approval shall not be unreasonably withheld. This paragraph shall survive the payment in full of Bond service charges on this Bond.

This Bond represents the duly authorized Economic Development Revenue Bond (TGIF-Fort Wayne Project) (TGI Friday's Inc. - Lessee) (the Bond), in the principal amount of \$2,000,000, authorized by an ordinance duly passed by the Common Council of the Issuer on \_\_\_\_\_, 1982 (the Bond Legislation). Reference is hereby made to the Bond Legislation for a more complete description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Holder and the terms and conditions upon which this Bond is issued and secured, to all provisions of which the Holder, by acceptance hereof, assents. This Bond is issued for the purpose of making a loan (the Loan) to assist TGIF-Fort Wayne, a Texas limited partnership (the Company), in the financing of costs of acquiring, constructing, equipping or improving real and personal property within the boundaries of the Issuer to be constructed and owned by the Company and to be leased to TGI Friday's Inc. for use as a restaurant and bar and for related uses (the Project), pursuant to a Loan Agreement duly made and entered into between the Issuer and the Company and dated as of February 1, 1982 (the Agreement) in order to improve the health and welfare of the people of the State of Indiana and of the Issuer by creating additional employment opportunities and promoting the diversification of economic development facilities. The Company has leased the Project to TGI Friday's Inc., a New York corporation, under a Lease dated as of February 1, 1982 and an Equipment Lease dated as of February 1, 1982 (collectively, the Lease). The Company has conditionally assigned its rights under the Lease to the Holder pursuant to the Assignment of Rents and Leases dated as of February 1, 1982 (the Assignment of Rents and Leases).

This Bond is issued pursuant to the laws of the State of Indiana, particularly Sections 36-7-12-1 to 36-7-12-37 of the Indiana Code and the Bond Legislation. This Bond is a special obligation of the Issuer, and the Bond service charges are payable solely from, and such payment is secured by a pledge and assignment of the "Revenues" as defined in the Bond Legislation (being, generally, the payments and other amounts payable under the Agreement in repayment of the Loan) and is not otherwise an obligation of the Issuer.

This Bond shall not in any respect be a general obligation of the Issuer nor shall it be payable in any manner from funds raised by taxation. Payments sufficient for the prompt payment when due of Bond service charges on the Bond are required by the Agreement and the Note hereinafter described to be made by the Company directly to the Holder for the account of the Issuer. Pursuant to the Agreement, the Company has executed and delivered to the Holder its promissory note (the Note) in the principal amount of \$2,000,000 pursuant to which the Company is obligated to make payments in the amounts and at the times necessary to meet the Bond service charges requirements on this Bond. The Company's obligations under the Agreement and the Note are secured by the Mortgage and Security Agreement (the Mortgage) dated as of February 1, 1982, between the Company, as mortgagor, and the Holder, as mortgagee. Except as reserved in the Assignment hereinafter defined, the Issuer has assigned its right, title and interest in and to the Agreement to the Holder as security for the payment of Bond service charges on this Bond under the Assignment of Loan Agreement and Revenues dated as of February 1, 1982 (the Assignment), from the Issuer to the Holder.

If an event of (i) any failure in the payment of any interest on or the principal of this Bond when and as the same shall become due and payable or (ii) the occurrence of an Event of Default as defined in Section 7.1 of the Agreement (other than paragraph (c) thereof), the entire unpaid balance of the principal sum of this Bond, together with interest accrued thereon, may be declared due and payable by the Holder, or upon the occurrence of an Event of Default as defined in Section 7.1(c) of the Agreement shall be deemed to be immediately due and payable and, upon such declaration, such principal and interest shall become and be immediately due and payable. The Holder may, in its discretion, rescind any declaration and, upon such rescission, the Issuer, the Holder and the Company shall be restored to their respective positions hereunder. No such rescission shall extend to any subsequent or other default hereunder or impair any right consequent thereon.

This Bond shall not constitute the personal obligation, either jointly or severally, of the members of the Common Council of the Issuer, or any other officer of the Issuer.

It is certified and recited that all acts and conditions necessary to be done or performed by the Issuer or to have happened precedent to and in the issuing of this Bond in order to make it a legal, valid and binding special obligation of the Issuer in accordance with its terms, and precedent to and in the execution and delivery of the Agreement and the Assignment, have been performed and have happened in regular and due form as required by law; that payment in full for this Bond has been received; and that this Bond does not exceed or violate any constitutional or statutory limitation.

IN WITNESS OF THE ABOVE, the City of Fort Wayne, Indiana has caused this Bond to be executed in the name of the Issuer and in their official capacities by the manual signature of its mayor and attested by the manual signature of its City Clerk and its corporate seal to be affixed hereon, as of February 1, 1982.

City of Fort Wayne, Indiana

Attest: \_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

[Seal]

## SCHEDULE A

<u>Date</u>	<u>Principal Payment</u>
April 15, 1985	\$41,667
July 15, 1985	41,667
October 15, 1985	41,667
January 15, 1986	41,667
April 15, 1986	41,667
July 15, 1986	41,667
October 15, 1986	41,667
January 15, 1987	41,667
April 15, 1987	41,667
July 15, 1987	41,667
October 15, 1987	41,667
January 15, 1988	41,667
April 15, 1988	41,667
July 15, 1988	41,667
October 15, 1988	41,667
January 15, 1989	41,667
April 15, 1989	41,667
July 15, 1989	41,667
October 15, 1989	41,667
January 15, 1990	41,667
April 15, 1990	41,667
July 15, 1990	41,667
October 15, 1990	41,667
January 15, 1991	41,667
April 15, 1991	41,667
July 15, 1991	41,667
October 15, 1991	41,667
January 15, 1992	41,667
April 15, 1992	41,667
July 15, 1992	41,667
October 15, 1992	41,667
January 15, 1993	41,667
April 15, 1993	41,667
July 15, 1993	41,667
October 15, 1993	41,667
January 15, 1994	41,667
April 15, 1994	41,667
July 15, 1994	41,667
October 15, 1994	41,667
January 15, 1995	41,667
April 15, 1995	41,667
July 15, 1995	41,667
October 15, 1995	41,667
January 15, 1996	41,667
April 15, 1996	41,667
July 15, 1996	41,667
October 15, 1996	41,667
January 15, 1997	41,651